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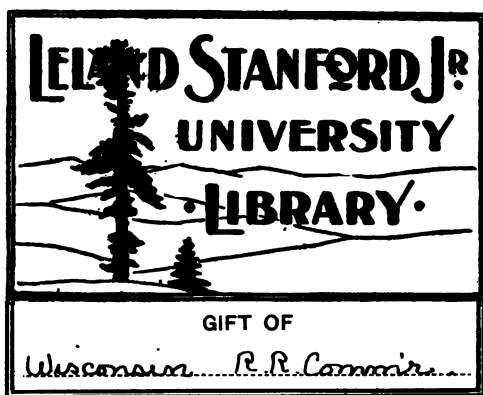
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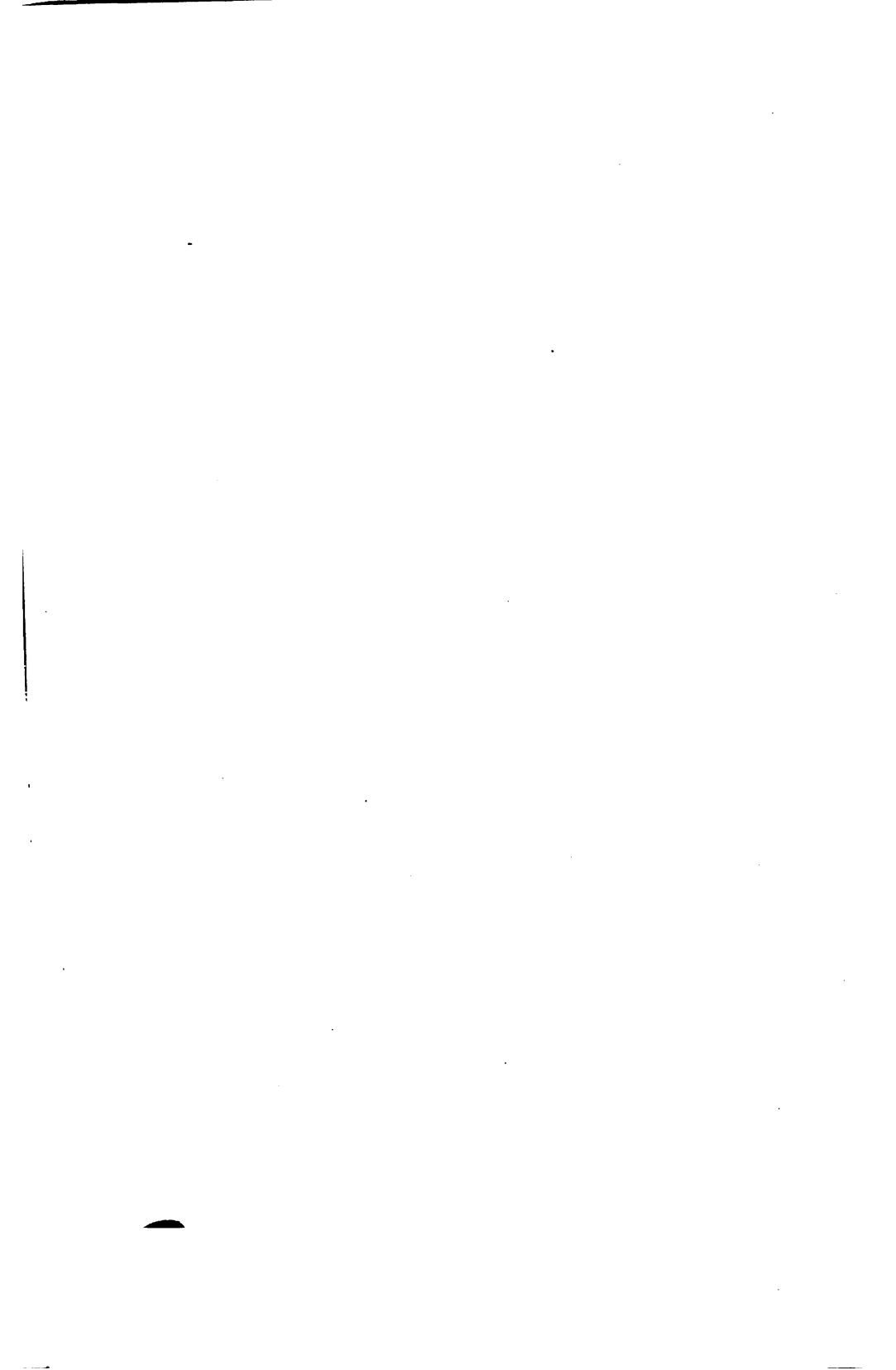
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# BIENNIAL REPORT

And Special Report of Investigations Relating to  
Back Taxes

OF THE

## Railroad Commissioner

OF THE

### STATE OF WISCONSIN

FOR THE

**Fiscal Years Ending June 30, 1905, and December 31, 1906.**



MADISON:  
DEMOCRAT PRINTING COMPANY, STATE PRINTER  
1906.

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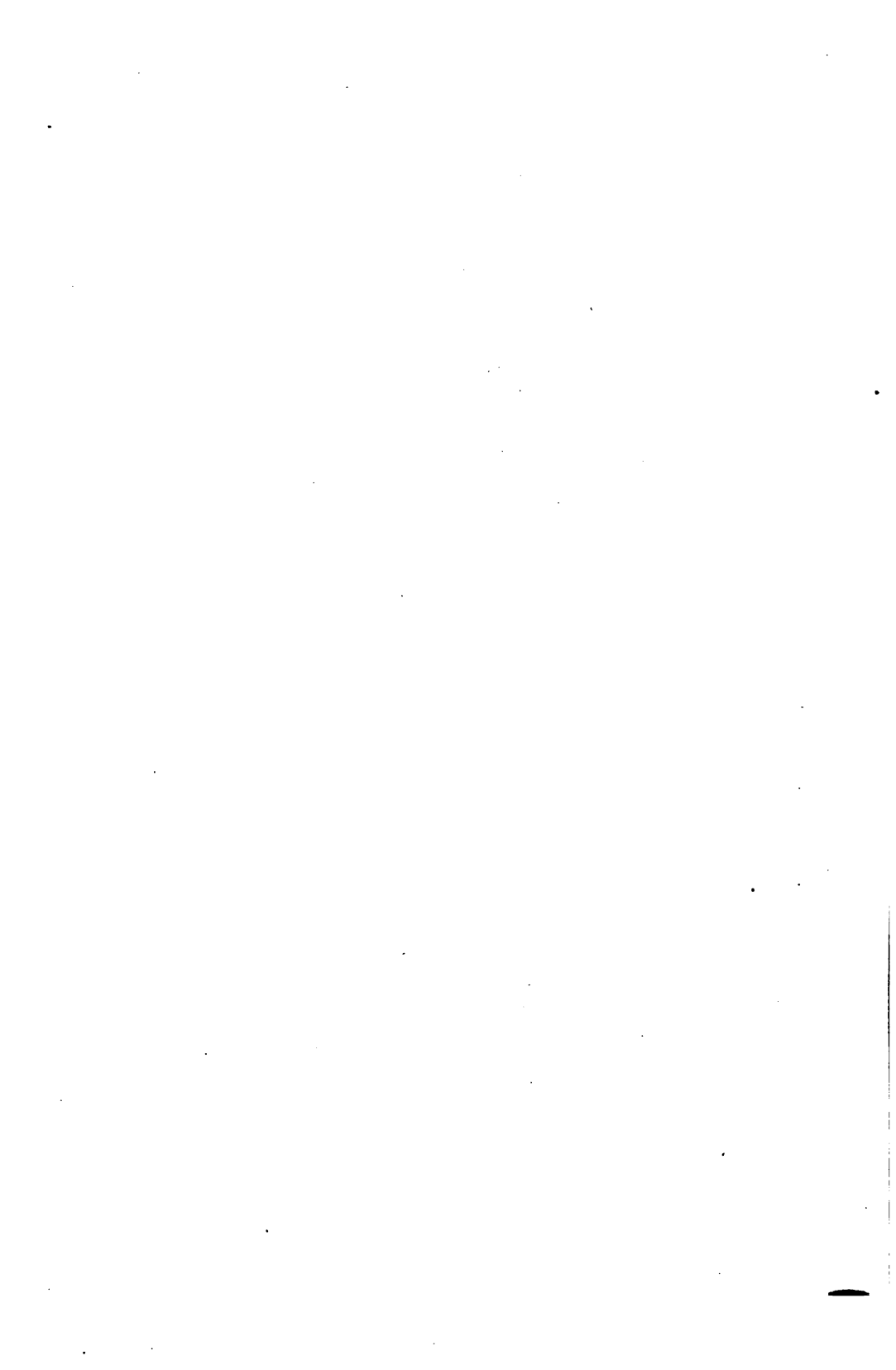
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***Personnel of Office:***

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JOHN W. THOMAS,	- - - - -	COMMISSIONER
SARAH A. GILBERT,	- - - - -	STENOGRAPHER
J. C. BRIDGE,	- - - - -	MESSENGER

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TWELFTH BIENNIAL REPORT  
OF THE  
RAILROAD COMMISSIONER.

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PART I.

General Report.

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MADISON, Wis., December 1, 1906.

To His Excellency, JAMES O. DAVIDSON,

*Governor of Wisconsin*

SIR:—In accordance with Section 1795 of the Revised Statutes of Wisconsin, I submit herewith the twelfth biennial report of this department, from December 1st, 1904, to June 16th, 1905, at which time Section 1795 was repealed by transferring the power of this section to an appointive Railroad Commission, under the provision of Chapter 362, Laws of 1905. The only statistical matter contained in this report relates to the taxes paid by the several roads due February, 1905. Other statistical reports were not required to be made by the railroad companies until June 30th, 1905, at which time Chapter 362 was in force and, consequently, are to be reported by the State Board of Railroad Commissioners.

COMPLAINTS.

Complaints were made to the office from December 1st, 1904, until June 16, 1905, at the rate of about twenty-five per week.

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*General Report.*

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These complaints embraced nearly every form of railroad transportation; but probably complaints of shortage of cars predominated. Nearly all complaints were amicably adjusted. After June 16th, 1905, they were turned over to the Railroad Commission of Wisconsin. While complaints have continued to be directed to this office, they have been referred to that body with a few exceptions where the familiarity of the department with the existing conditions has warranted us in taking up the matter in behalf of the shipper where we knew a quick adjustment could be made.

## NORTHERN SUPPLY COMPANY.

I would most earnestly call your attention to that part of my eleventh biennial report contained on pages ten to fifteen relating to the Northern Supply Company. Complaint was made to this department in June, 1904, by a county official of Polk County that an elevator company known as the Northern Supply Company had been able to run out all competition on the line of the Minneapolis, St. Paul & Sault Ste. Marie Railway in the state of Wisconsin, through their officials being identified, either officially, or by close relationship, with the officials of the railway company. This department, being elective, it was deemed its duty to investigate this question at once, without submitting it to the executive of the state, and the facts ascertained by such investigation were reported to your predecessor, but received no attention or consideration; hence its repetition in this report with renewed recommendation.

From the Congressional records it would appear that United States Senator, Robert M. La Follette, has asked for a public investigation of the elevator question by the Interstate Commerce Commission. From the standpoint of a United States Senator, there can be no doubt of the propriety of such an investigation, but this would not affect the conditions now existing in Wisconsin, or have any bearing on a company organ-

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*General Report.*

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ized as is the Northern Supply Company. The duty of this department is to give some relief to the producers who are so unfortunate as to be located on the line of the Minneapolis, St. Paul & Sault Ste. Marie road, and while I commend the action of Senator La Follette, I wish to call your attention to the fact that the Northern Supply Company is entirely a Wisconsin product, although there is no doubt that its main stockholders are residents of Minnesota or Canada at present. Every elevator, so far as I have been able to ascertain, is located in this state and if no interstate shipments are made, where is the Interstate Commerce Commission to give us any relief? Located on a line running direct from St. Paul to Canada, it is very easy to send shipments to Canada and rebill them to any point in the East where they have a market for them, or they could have an agent anywhere in the state of Wisconsin to whom they could be sent and rebilled direct on any other road as state shipments. The Interstate Commerce Commission would have no power over a local company that does not do interstate shipping. At present, the Northern Supply Company ships very extensively to the Eastern States. No doubt they make many shipments via Chicago, but their principal business is East over the Canadian Pacific road, and I would earnestly ask that Section 1840 be so amended as to include elevators, and let the state of Wisconsin test its authority in this matter as soon as possible.

EXTRACT FROM THE ELEVENTH BIENNIAL REPORT OF RAILROAD  
COMMISSIONER.

"Complaint was made to this department that the Northern Supply Company, whose main office is located at Amery, Wis., was composed of officials of the Minneapolis, St. Paul & Sault Ste. Marie Ry. Company, and through their influence as such officials, had been able to practically run out all competition in the field where they operate. Section 1804 of the Re-

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*General Report.*

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vised Statutes of Wisconsin provides that no president, director, officer, agent or employe of any railway, freight, or transportation corporation company, shall be interested directly or indirectly in the (furnishing of supplies or materials to such corporations or in the) business of transportation of freight or passengers over the line owned, leased, controlled or operated by such corporations. Under this section, I deemed it the duty of this department to give this matter some consideration. On investigation, it was found that the Northern Supply Company was incorporated in 1898 by Henry B. Dyke, Paul Filzen, and John Langenbach. The present officers of the Northern Supply Company are, President, John Langenbach; Secretary, H. B. Dyke; Treasurer, S. L. Pennington. The capital stock is \$40,000, of which \$20,000 is paid up and is owned by Henry B. Dyke, Claim Agent and Assistant Solicitor of the M., St. P. & S. S. M. Ry. Co., S. L. Pennington, son of the 2d Vice-President and General Manager of this road, Mr. Patten, father-in-law of S. L. Pennington, and John Langenbach.

This corporation purchased all the elevators heretofore owned and controlled by Schneider & Filzen, which I understand amount to 15 or 20, all situated on the said line of railroad or its branches in the state of Wisconsin.

It is very clear that this Northern Supply Co with its secretary also claim agent and solicitor of the railway company over whose line it does nearly all of its shipping, is in a position to get special rates or privileges that would not be granted a shipper who was not so closely associated with the officials of the railway company. There can be no doubt that a company so organized would be able to stifle all competition.

As soon as all the facts were ascertained in the matter, the question was submitted to the Attorney General in the following letter:

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*General Report.*

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Hon. L. M. STURDEVANT,  
*Attorney General,*

December 20, 1904.

DEAR SIR:—I would most respectfully ask your opinion as to the right and legality of any officer of a railroad company operating its line in this state to become a stockholder and one of the chief officers of a company operating a system of elevators which handles flour, feed, and all kinds of farm produce which are shipped over the line of road which he represents as a railroad official.

Yours very respectfully,

(Signed) JOHN W. THOMAS,  
*Railroad Commissioner.*

Hon. JOHN W. THOMAS,  
*Railroad Commissioner.*

MY DEAR SIR:—Your communication of December 20th, 1904, asking for my opinion as to the right and legality of any officer of a railroad company operating its line in this state to become a stockholder and one of the chief officers of a company operating a system of elevators, which handles flour, feed, and all kinds of farm produce which are shipped over the line of road which he represents as a railroad officer.

In reply thereto, I call your attention to Section 1804 of the Wisconsin Statutes of 1898, which is, so far as I am aware, the only statutory provision which has any bearing upon the subject of your inquiry in this state.

It is provided by section 1804 as follows: "No president, director, officer, agent or employe of any railroad, freight or transportation corporation shall be interested directly or indirectly in the furnishing of supplies or materials to such corporation or in the business of transportation of freight or passengers over the lines owned, leased, controlled, or operated by such corporation. No officer of any railroad corporation shall be an officer of any other railroad corporation which owns or controls the parallel or competing line to be determined by jury; but this shall not apply to cases where one corporation becomes responsible for the liability of another, either by advances made or a guarantee of bonds previous to the first day of March, 1876, nor to any corporation which had prior to that date been authorized to purchase or hold stock in any other railroad corporation so far as thus authorized."

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*General Report.*

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For the purpose of determining the construction to be placed upon the above quoted statute, I have examined into the history of the enactment of the same, and I find that this legislation had its origin in Chap. 273 of the Laws of 1874, which chapter is entitled, "An act relating to railroads, express and telegraph companies in the state of Wisconsin," and is, in fact, an act to regulate the passenger and freight rates of the railroads then operating in the state, and for that purpose creating a railroad commission, consisting of three members. This act was amended two years later by the enactment of Chap. 57, of the Laws of 1876, entitled, "An act to amend Chapter 273 of the Laws of 1874, entitled, 'An act relating to railroads, express and telegraph companies in the state of Wisconsin,' and to repeal other sections and acts named therein."

Chap. 57 of the Laws of 1876 repealed the provisions with reference to the establishment of a railroad commission, consisting of three members, and provided for the appointment of a state officer, to be known as the Railroad Commissioner, and clothed such commissioner with certain duties and powers, therein enumerated. Chap. 57 of the Laws of 1876, like Chap. 273 of the Laws of 1874, was an act designed to regulate the management of railroad corporations in Wisconsin and the rates of transportation to be charged by such companies and to prevent discrimination. . .

It is provided by Section 8, of Chap. 57 of the Laws of 1876, as follows:

"No railroad corporation shall consolidate the stock, property or franchises of such corporation with, or lease or purchase the works or franchises of, or in any way control, any other railroad corporation owning or having under its control a parallel or competing line, nor shall any officer of such railroad corporation act as the officer of any other railroad corporation owning or having control of parallel or competing lines, and the question whether such railroads are parallel or competing lines shall when demanded by the complainant, be decided by a jury, as in other civil issues; provided, that the provisions of this section shall not apply to any contracts now existing where one corporation has become responsible for the liabilities of another, either by advances heretofore made, or by the guarantee of bonds previous to the passage of this act; nor shall it apply to any railroad corporation

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*General Report.*

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which, prior to the passage of this act, shall have been authorized to purchase or hold stock in any other railroad corporation."

Section 9 of Chap. 57 of the Laws of 1876, provides as follows:

"No president, director, officer, agent or employe of any railroad or transportation company shall be interested directly or indirectly in the furnishing of material or supplies to such company, or in the business of transportation as a common carrier of freights or passengers over the lines owned, leased, controlled or operated by such company."

Section 10 provides:

"In the construction of this act, the phrase 'railroad' shall be construed to include all railroads and railways operated by steam, and whether operated by the corporation owning them, or by other corporations, or otherwise. The phrase 'railroad corporation' shall be construed to mean the corporation which constructs, maintains, or operates a railroad operated by steam power."

It will be observed upon examination of the sections above referred to, that Sec. 1804, of the Wisconsin Statutes of 1898, is nothing more or less than a condensation of the provisions of Sections 8 and 9 of Chap. 57 of the Laws of 1876, and, so far as the construction to be placed upon Section 1804 is concerned, it is obvious that the same interpretation should be given to Section 1804 as was intended by the Legislature to be given to Sections 8 and 9 of Chapter 57 of the Laws of 1876. At the time of the passage of the act, provision was made in Sections 8 and 9 to meet conditions then existing concerning the relationship of certain railroad corporations in Wisconsin, and it was expressly provided that

"The provisions of this Section shall not apply to any contracts now existing where one corporation shall have become responsible for the liabilities of another," etc.

But it was evidently the legislative intention to prevent a recurrence of such conditions in this state by prohibiting in the future any railroad corporation from consolidating the stock, property or franchises of such corporations, or from leasing or purchasing the works or franchises, or in any way controlling

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*General Report.*

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any other railroad corporation owning or having under its control a parallel or competing line; and it seems clear that the legislative intention was to prevent the absorption of competing lines by other corporations, and thus insure compliance with the provisions of the act and prevent the discrimination in rates, the evident purpose being to secure to the public the advantages of competitive rates. And it is provided in said Section 8 that the question of whether or not any line of railway operating in this state which might be consolidated or in any way leased or controlled by another railroad company was or was not a competing line should be "decided by a jury as in other civil issues."

Further, to insure compliance with the conditions of the law, it was enacted, as provided in section 9, that "No president, director, officer, agent, or employe of any railroad or transportation company shall be interested directly or indirectly \* \* \* in the business of transportation *as a common carrier* of freights or passengers over the lines owned, leased, controlled or operated by such company."

The phrase "as a common carrier" is significant as conveying the real intention of the Legislature which was evidently to provide against the accomplishment by indirect means, through the intervention of interested officials, that which the law had specifically forbidden to be accomplished by direct means, through the consolidation of stocks, or the leasing or controlling of competing lines. The phrase "as a common carrier" is eliminated in Section 1804, but it seems to me that the language of Section 1804 is capable of only such interpretation as would be given it at the time of the enactment of Chapter 57 of the Laws of 1876, when the legislative intention was more clearly and fully expressed.

There is a suggestion in your inquiry to the effect that, where officers or employes of a railway company are also the chief officers in a company operating a system of elevators which handles all kinds of farm products, which products are shipped over the line of road in which such officers are interested, there is a possibility through such relationship, that the public may be deprived, by discriminations made for the benefit of such officials or through their influence or direction, of the benefits which this legislation was designed to secure; but, inasmuch as the law in question was enacted with direct reference to com-



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*General Report.*

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mon carriers and, as subsequent legislation and amendment has in no way enlarged its scope, by suggestion or otherwise, I am of the opinion that the present law is not broad enough in its application to meet the conditions which you suggest. In other words, I do not think that the statute prohibits an officer in a railroad corporation from owning stock or being interested in an elevator company.

In the limited time which I have devoted to this investigation, I have been unable to discover any decision bearing directly upon the matter of your inquiry. Certainly there is no decision in Wisconsin which covers the case. If such conditions exist as above suggested, the matter should be brought to the attention of the legislature and the Statute made sufficiently comprehensive to meet the necessities of the case.

Yours very truly,

(Signed) L. M. STURDEVANT,  
*Attorney General.*"

In view of the Attorney General's rulings on section 1804, I would most earnestly recommend the amending of the present law so as to provide against railroad officials and employes becoming interested in elevator companies which have to do their business over the line of road with which they are connected

MAPS.

Under the provisions of section 1795 A, this department is required to publish 22,000 mounted maps and 3,000 unmounted maps of the state of Wisconsin.

Of the mounted maps, 12,230 are to be distributed equally among the members of the Legislature and 8,000 to be delivered to the Superintendent of Public Instruction, the balance to be distributed by this department. Previous to the issue of 1904, the cost of the publishing of the maps has always exceeded \$9,711.00. The issue of 1904 was let to the lowest bidder and cost the state \$6,110. The issue of 1906 was also let to the lowest bidder and cost \$5,750.00 delivered at the depot in the city of Madison. The demand for these maps is beyond the

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*General Report.*

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resources of the office to furnish and I would call attention to the fact that the life of a map in the school room should certainly cover a period of four years. As they are issued biennially, I can see no necessity of supplying the 8,000 to the schools every two years and I would recommend that they be furnished every four years and the alternate issue be given to the general public by any means the Legislature shall deem most economical to the state.

**BRIDGES.**

Several complaints were made relating to railroad bridges as follows:

*Defective Bridges.*

Of the safety of the bridges across the Nemadji River in Douglass County, a bridge over which heavy ore trains are run to the ore docks. This bridge crosses the river and a large deep valley and is some 1,400 ft. in length and from 40 to 50 ft. in height. An examination of the piling which supports the trestle developed the fact that nearly two-thirds of the timber was decayed and on notification of this fact, the Great Northern Railroad Company repaired the bridge by putting in all new piling so as to make it safe.

*Overhead Obstructions.*

Two complaints have been made of low bridges. Since the adoption of air-brakes, the different railroad companies have been somewhat negligent in keeping up what is known in railroad parlance as tell-tales. These tell-tales are a necessity where bridges are not high enough to allow a brakeman to stand on top of a freight car without endangering his life by coming in contact with the bridge timber overhead. This danger from a low-truss bridge has not been removed by air-brakes and never will be as long as a brakeman is a necessity on a freight train, and the fact that many of the furniture cars are over 15ft.

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*General Report.*

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from top of rail to top of car, makes it quite important that some steps be taken to designate the minimum height of overhead obstructions, and I would recommend that some legislation be enacted requiring the standard height from the rail of all overhead obstructions of all bridges in the state to be 22 ft. and that tell-tales be maintained on all bridges not of standard height.

During the last inspection of bridges made by this department the engineer employed reported the bridges on the Wisconsin Central crossing Silver Creek and the White River, which were erected in the early 70s, inadequate for the traffic at the present time. These bridges are of iron and at the time of their erection were no doubt sufficiently strong and adequate to the traffic, but with the crystallization caused by time and exposure, and strain from constant use, they are not today equal to the increased traffic which has nearly doubled. While they are operated under the most rigid rules of controlled time, at the rate of less than 6 miles an hour, there probably is no danger, barring accidents, but an accident on either of these bridges would certainly result disastrously and it should be required that the new structure be completed during the coming season. A report to this office dated the 9th of November, 1906, states that the concrete arch of Silver Creek bridge was built in 1905 and the filling is now partly done, and the concrete arch at White River bridge was also built in 1905, but no filling has as yet been done. This structure is some 1500 ft. in length and is probably the longest structure of its kind on the road, and the filling should certainly be done the coming year as a bridge of this height and length, built in 1872, has passed its period of absolute safety.

TWO CENT PASSENGER RATE.

Owing to the fact that the several political parties in this state adopted in their party platform for the year 1904 a de-

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mand for a two-cent passenger rate, this department devoted some time to the study of that question previous to the enactment of chapter 362, Laws of 1905, which practically legislated it out of existence.

In considering the question of a two-cent passenger rate, it becomes apparent at once that it is necessary to divide the roads into two classes, the second class to comprise all new branches, all branches hereafter constructed, and such portions of the old branches as are not self-supporting. Roads of the second class should be transferred to the first class after a certain period, or at the option of the Railroad Commission.

To ascertain the earning capacity of the passenger business on the first or second class branches so established, or to be established, it would be necessary for the commission to demand annual or semi-annual reports from each station agent in the state of the total receipts for passenger tickets, conductors' collections, and mileage books, the latter only to be based on the net receipts to the company, all refunds being deducted; also the receipts from excess baggage and the revenue from carrying express. On divisions where the earnings, coupled with the receipts from the United States Government for carrying mail equal or exceed \$3,000 per mile, there can be no doubt of the reasonableness of a two-cent fare. In fact, such a rate would increase the earnings on some of the lines.

STATE, OR GOVERNMENT SUPERVISION OF BUILDING, OR REPAIRS  
OF RAILROADS.

The state should assume some control over the building or repairs to railroads. Glancing back over the railroad problem, its growth is certainly surprising, considering the extent of the make-shifts that have been adopted in the building of some of the lines. In early days when a new road was contemplated, valleys and streams were followed to get away from any expense of grading and in the laying of rails and building of bridges, the future development or increase of traffic on the road

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*General Report.*

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was never considered. Anything suitable for the present needs was used. Some railway companies were more fortunate than others, because they were more far-seeing and looked to future development, but today, railroading in Wisconsin is still in its infancy, and the field for the professional promoter should be curtailed by requiring to be filed with the commission every detail in contemplation by a road, both steam and electric. There can be no doubt but that the interurban will be much used for short and light traffic, but on the main standard roads of Wisconsin, where the grades are reduced to 1%, the curves are straightened or spiralled, so that the traveller is not in danger of being thrown from his seat, the possibilities of the growth of the traffic are simply wonderful. One often meets railroad officials who say it is impossible to compete with lake navigation. Such men have never considered the question of future possibilities and do not know what the possibilities of railroad transportation are. With a straight track, at a grade not to exceed 1%, and cars of 80,000 lbs. capacity, a locomotive with six drivers with a bearing of 20,000 lbs. to the driver, can move with ease from three to four thousand tons. Today, 900 to 1,300 tons is considered a load on the average line of Wisconsin.

There is another reason why public supervision should assume authority. Many of the roads today have accumulated bonds or other indebtedness that show that the roads cost thousands and thousands of dollars when the actual bona fide cost of the roads is probably one-half.

Some of the roads have received large donations from the public. There is no evidence to show that the money was properly and legitimately used, or to what use it was put. Hereafter, the public donator should at least have the satisfaction of knowing that his money was used for the purpose he contemplated.

One of the lines operating in this state reported to this department the cost of construction and all equipment at something over \$47,000 to the mile. Running back over the ex-

*General Report.*

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penses incurred in making up the \$47,000 we find discount on securities sold of an amount equal to over \$25,000 to the mile. Hence, the actual cost of this road was less than \$22,000 to the mile and it was not a makeshift road, the work on it being first class. These conditions, and many others, make it almost a necessity that some effort be made to stop the railroad promoter from squandering money in disposing of securities or building tracks and bridges with inadequate material which the safety of the public, with the ordinary traffic over the road, would require to be replaced in a very short time at five times the original cost.

There are many other reasons why some state supervision should be provided that the brevity of this report does not allow me to consider.

Respectfully submitted,

JOHN W. THOMAS,  
*Railroad Commissioner.*

To the Hon. John J. ... et earnings, the total interest bearing indebtedness, total mileage of railroad, year ending December 31, 1904 and being according to the provisions of

	Name	Average amount earned per mile year ending Dec 31, 1904.	Rate of taxation for each railroad, year ending Dec. 31, 1904.	Amount of tax or license fee for the year ending Dec. 31, 1904.	No.
1.	Abbotsford & Nor				
2.	Ahnapee & West	\$1,871 15	\$5 per mile & 2½ per cent.	\$216 46	1
3.	Big Falls Railwa	1,866 09	\$5 per mile & 2½ per cent.	481 18	2
4.	Bayfield Transfer	424 54	\$5 per mile.	105 00	3
5.	Chicago, Milwau	756 64	\$5 per mile.	49 30	4
6.	Chicago & North	8,704 21	4 per cent. gross earnings.	600,197 46	5
7.	Chicago, St. Paul	8,686 18	4 per cent. gross earnings.	617,987 26	6
8.	Chicago, Burling	7,118 29	4 per cent. gross earnings.	208,668 42	7
9.	Chicago, Lake St	9,962 03	4 per cent. gross earnings.	88,689 97	8
10.	Chicago & Lake	4,115 37	4 per cent. gross earnings.	2,994 34	9
11.	Illinois Central	1,158 65	\$5 per mile & 2½ per cent.	16 40	10
12.	Chippewa River	1,150 70	\$5 per mile.	456 55	11
13.	Chicago, Harvard	856 95	\$5 per mile.	120 00	12
14.	Chippewa Valley	1,786 88	\$5 per mile & 2½ per cent.	66 92	13
15.	Drummond & Sou	1,090 80	\$5 per mile.	51 70	14
16.	Duluth, South St	771 30	\$5 per mile.	108 60	15
17.	Duluth, Superior	2,585 46	3 per cent. gross earnings.	10,148 57	16
18.	Dunbar & Wausa				17
19.	Fairchild & Nort	1,855 58	\$5 per mile & 2½ per cent.	187 51	18
20.	Great Northern	1,164 50	\$5 per mile.	165 00	19
21.	Green Bay & West	25,812 82	4 per cent. gross earnings.	39,018 59	20
22.	Greenwood & Nort	2,618 92	3 per cent. gross earnings.	20,624 00	21
23.	Hawthorne, Neba	526 60	\$5 per mile.	70 00	22
24.	Hazelhurst & Sou	1,725 06	\$5 per mile & 2½ per cent.	324 11	23
25.	Holmes & Son Ra	1,739 10	\$5 per mile & 2½ per cent.	120 75	24
26.	Iola & Northern		\$5 per mile.	100 00	25
27.	Kewanee, Green	1,657 50	\$5 per mile & 2½ per cent.	42 00	26
28.	John R. Davis Lu	3,203 13	4 per cent. gross earnings.	4,702 20	27
29.	Lake Superior Te	74 70	\$5 per mile.	102 50	28
30.	Mattoon Railway	609 59	\$5 per mile.	81 65	29
31.	Marquette, Tomal	998 71			30
32.	Minneapolis, St. B	1,060 12	\$5 per mile.	218 85	31
33.	Minneapolis, St. E	1,368 31	\$5 per mile.	228 75	32
34.	Northern Pacific	4,862 59	4 per cent. gross earnings.	67,107 52	33
35.	Northwestern Cog	4,179 25	4 per cent. gross earnings.	22,494 40	34
36.	Oshkosh Transpor	2,211 19	3 per cent. gross earnings.	530 68	35
37.	N. W.				
37.	Robbins Railway	2,429 78	3 per cent. gross earnings.	304 70	36
38.	Stanley, Merrill &	503 52	\$5 per mile.	167 50	37
39.	West Range, (not	2,878 66	3½ per cent. gross earnings.	4,035 17	38
40.	Winona Bridge R		\$5 per mile.	35 00	39
41.	Wisconsin & Mich	24,459 22	4 per cent. gross earnings.	528 32	40
42.	Whitcomb & Morr	1,971 75	\$5 per mile & 2½ per cent.	1,138 61	41
43.	Wisconsin Central	554 32	\$5 per mile.	30 00	42
44.	Wisconsin Western	6,502 89	4 per cent. gross earnings.	218,832 50	43
45.	(N.)				
45.	Tony & Northeast	1,297 04	\$5 per mile.	259 85	44
46.	Bayfield, Lake Sh	700 00	\$5 per mile.	11 00	45
47.	Mineral Point & A				46
48.	Laona & Northern	1,110 92	\$5 per mile.	65 00	47
49.	Hillsboro & N. E.	2,217 93	3 per cent. gross earnings.	306 08	48
50.	Marathon Co. Ry.	543 97	\$5 per mile.	77 50	49
	Totals.....			\$1,912,267 87	50

\* Proportional Except  
† Deficits.  
‡ Leased.





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*Investigation Relating to Back Taxes.*

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## PART II.

Report of Investigation of Railroad Commissioner,  
J. W. Thomas, Relating to Back Taxes, Under  
Section 431, Laws of 1903.

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December 1, 1906.

To His Excellency, JAMES O. DAVIDSON,  
*Governor of Wisconsin.*

SIR:—In accordance with section 431, laws of 1903, I submit herewith a report of the results of the investigation made by the department under the provisions of said section. Section 431, laws of 1903, became effective May 29, 1903. After this some time was spent in a careful study of the questions involved, before beginning the actual examination. During this time many shippers were interviewed by representatives of the department to obtain, if possible, information that would aid in the work. Before the investigation was begun, it was found that discriminations, in violation of the provisions of the law, were common and had been for many years. It was further found that favored shippers in various parts of the state had been, and still were, in receipt of rebates. Certain shippers, who had received such rebates, had become dissatisfied, because they feared their competitors were being favored to a greater extent than they were.

After completing the inquiry among the shippers, two expert accountants were employed; and began work at the general offices of the Chicago, Milwaukee & St. Paul Railway Co. on the 29th day of September, 1903, and were instructed to make a full examination of the books and records of the company, with

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a view of ascertaining what rebates or refunds had been made to shippers in violation of any published tariffs, rules, or regulations, and then deducted from its gross earnings before the same were reported for taxes, and also to ascertain if the company had failed to report any portion of its earnings that could be properly considered as gross earnings.

Instructions were issued to the accountants to take into consideration all refunds paid to shippers where such refunds made the rates less than the regular published tariff, rules, or regulations in force at the time of shipment, but to allow refunds as follows:—

On account of charity.

On account of personal courtesies (not affecting the commercial community) extended by railway officials to their relatives and friends.

On account of overcharges, errors, mistakes, accidents, misfortunes, bankruptcies, etc.

On account of "concentration" of products when such concentration rates were sufficiently published by the use of printed tariffs, rules, or circulars.

On account of municipalities, when the transactions were of direct public benefit.

On account of redemption of mileage book "covers" of interchangeable mileage credentials. (This is a considerable item in the consideration of passenger earnings, and the reason for its designation as a proper and legitimate charge to gross earnings is that the public is fully informed and cognizant of the conditions governing the issue of such transportation.)

On account of "milling and manufacturing in transit" when provided for by a regular published tariff, so the general public has full knowledge of the same.

After hurriedly checking over the books, records and vouchers for the year 1902 on the C., M. & St. P. Ry., the C. & N. W., W. C., C. St. P. M. & O, and the M., St. P. & S. S. M., it was found that on all of these roads the state had been deprived

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of a large amount of taxes and that the department had undertaken a work which would require a larger force, if the results desired were secured within a reasonable time. Therefore, two more accountants were employed and commenced work at the offices of the Chicago & North Western Ry. Co.

The several railway companies have treated the accountants with every courtesy, furnishing them with suitable office accommodations and with the books of record required, relating to the investigation of the deductions from gross earnings, and furnished all vouchers for which request was made.

The investigation covered a period of ten years, beginning with the year 1903 and working back to and including 1894, on the Chicago, Milwaukee & St. Paul, the Chicago & North Western, the Chicago, St. Paul, Minneapolis & Omaha, and the Minneapolis, St. Paul & Sault Ste. Marie.

On the Wisconsin Central, the Green Bay & Western, the Kewaunee, Green Bay & Western, the Duluth, South Shore & Atlantic, the Chicago, Burlington & Quincy, the Chicago, Burlington & Northern, the Great Northern, and the Northern Pacific, the examination covered a period of seven years; viz., from 1897 to 1903 inclusive.

The investigation of the books and records of the following roads was made and no illegal deductions from earnings before reported for taxes were found:

Fairchild & North Eastern.

Dunbar & Wausaukee.

Iola & Northern.

Ahnapee & Western.

Northwestern Coal Railway.

Hawthorne, Nebagamon & Superior.

The department was unable to get for examination any vouchers on the Wisconsin & Michigan Ry.

There has been found up to this date \$12,499,028.59 of gross earnings not included in the reports of the railroad companies

to the state treasurer. Properly classified, the several items are as follows:

**AMOUNTS WRONGFULLY DEDUCTED FROM  
GROSS EARNINGS BEFORE REPORTED  
FOR TAXES:**

Commissions and repayments to shippers.....	\$6,927,669 15
Commissions and repayments on passenger traffic.....	948,641 24
Expense of operating hotels.....	1,600 96
Expense of operating sleeping cars.....	13,728 91

**AMOUNTS NOT REPORTED FOR TAXES THAT  
ARE A PART OF GROSS EARNINGS:**

Car mileage, credit balance.....	1,070,856 11
Switching charges collected.....	2,465,543 65
Storage, demurrage, and miscellaneous.....	165,304 09
Rental of tracks and terminals.....	905,684 48

Total .....	\$12,499,028 59
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A set of tables appended to this report will give these figures more in detail.

The Northern Pacific, Great Northern, and Duluth, South Shore and Atlantic have settled the taxes found against them. The Minneapolis, St. Paul and Sault Ste. Marie has paid in part. The sums paid by this road amount to \$6,601.37 itemized as follows:

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SEPTEMBER, 1904—RECEIVED OF MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY  
SUMMARY OF WISCONSIN EARNINGS NOT REPORTED.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Car mileage .....	\$1,832 57	\$12,113 42	\$11,365 75	\$6,453 46	\$15,972 20	\$10,303 53	\$28,328 97	\$88,346 90
Sleeping car expense .....	1,311 23	1,701 06	1,693 07	1,507 62	1,627 80	2,083 65	.....	9,924 43
Ticket Com. ....	6,029 11	5,167 48	4,339 76	3,836 89	3,496 18	747 27	.....	23,618 69
Switching charges .....	.....	3,116 25	3,102 15	2,673 46	3,633 68	1,614 37	556 92	14,696 83
Operating hotels .....	.....	.....	.....	1,310 39	.....	.....	280 57	1,600 96
Drayage .....	.....	.....	.....	.....	.....	1,812 56	48 31	1,860 87
Total .....	\$9,172 91	\$22,068 21	\$20,500 73	\$15,753 92	\$24,731 86	\$16,561 38	\$29,224 77	\$138,048 68
Taxes at 4 per cent. ....	\$305 92	\$833 93	\$820 03	\$530 35	\$689 27	\$662 45	\$1,168 99	\$5,521 94
Interest from Feb. 10 to Oct. 3, 1904, at 6 per cent .....	146 24	299 34	228 51	137 83	156 96	65 35	45 20	1,079 43
.....	\$513 16	\$1,133 27	\$1,048 54	\$768 18	\$1,146 23	\$727 80	\$1,214 19	\$6,601 37

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## REFUNDS ON ACCOUNT OF ALLEGED COMPETITION.

At first the department was inclined to allow refunds to meet "lake competition" and refunds at competitive points where one road had the long haul and wished to meet competing lines. After considerable work had been done, it was found beyond a doubt that the refunds made under the claim of "lake competition," and also to meet the lower rate of the short competing road, had not been given to all the shippers from these points and, therefore, the statutes forbidding discrimination had been violated. Competing roads were not agreed upon this question of boat competition. The officials of one of the large roads earnestly insisted that Lake Superior and Lake Michigan boat lines constantly threatened their business at reduced, and frequently changing rates of transportation, and that it is impossible for them to anticipate, by due publication of tariffs, the rates necessary to secure such traffic; while the officials of another equally strong road, which touches practically the same distributing points, maintained strongly that whereas the boats are regarded in every way as competitors, they are not as disturbing as rail lines for the reason that they are operating under tariffs and published schedules which they adhere to and their competition is fully and definitely known, is fully anticipated, and the business is protected by the publication of tariff rates of freight based thereon.

Some very large refunds were no doubt made because of the volume of the business and the favorable location of the shipper for competition between rival lines. This doubtless was the cause of the large refunds made to the Northern Grain Co. which will be taken up hereafter.

## COMMISSIONS.

It has been the custom of many railway companies operating in Wisconsin to pay out each year large sums of money on vouchers which are designated as "Commissions" In most in-

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stances, the companies paying out these sums have deducted the amounts so paid from their reported gross earnings to the state treasurer. There can be little question but that these deductions are wrong and that the state is entitled to its percentage on the amounts so deducted. Where this course has been followed by the roads, the amounts so deducted have been included in the tables which form a part of this report. This department regards these payments as unfair discriminations between shippers. The beneficiaries have been lumber and coal merchants, paper and other manufacturers, refrigerator car owners, and owners of the so-called "industrial lines." The meaning of the term "industrial line" is probably known to every one who will read this report. It is generally but a system of side-tracks about the works of a large manufacturing company connecting with one or more main lines of railroad, and is built for the sole convenience of the manufacturing corporation and used exclusively for the freight of that corporation. These roads are not in a broad sense common carriers, and do no commercial business other than indicated. Generally they are organized and known by an independent corporation called a "railway company," but the stock of this corporation is invariably owned or controlled by the parent concern of which it is a component part and the "commission," or "re-division of through rate" paid to this so-called "railway" is only a rebate in disguise.

The Wisconsin proportion of gross earnings has been very materially reduced by commissions paid to the officials of other lines of railway, particularly those located in other states. Parties receiving such payments are designated by their proper official title, occupation and addresses on the voucher, but the receipt for such commission is given in their individual capacity, and not as representatives of the railway companies employing them.

Many of the vouchers for commissions are made to the General Freight Agents, General Traffic Managers, and subordi-

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nate freight officials of lines outside of Wisconsin. In such cases, there has been no difficulty in ascertaining to whom the sums were paid.

Other refunds are paid to large and favored shippers. The course followed has been for the shippers to pay the regular rate of freight, and at intervals, certain proportions of the amounts paid are refunded to them in accordance with a special private understanding.

The amounts are then deducted from the gross earnings and omitted from the total gross earnings reported to the State Treasurer. These refunds amount to illegal preferences to the shippers receiving them, and when they are deducted from the amount of gross earnings, reported to the state treasurer, the amount of taxes the state should receive is reduced. It is difficult to arrive at the exact facts of some of the transactions resulting in freight discriminations in the form of rebates, as the vouchers often give only a vague and meager statement of the facts. Sometimes they are very misleading. The accountants did not obtain absolute proofs of the illegality of many claims of recent date until their investigation led them back to the years 1897 and 1898 where similar payments were found to the same parties which were not so ingeniously worded as the more recent ones.

Refunds on logs and other raw material have been allowed as regular when covered by either general or commodity tariffs. They have been included in the report only when indications have proved beyond question that they were made to cover secret special rates to a shipper not allowed to his competitors. These refunds are no doubt frequently made for the purpose of getting business away from competing lines.

Switching, dockage and drayage are classifications that show preferential refunds to shippers of the charges indicated, mainly in the cities of Chicago and Milwaukee, but which largely affect the gross earnings properly belonging to Wisconsin. It should be clearly understood that switching charges included



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in this special classification, and which have been deducted from gross earnings before being reported to the state, are not covered under switching items elsewhere given in this report

DONATIONS TO NEW INDUSTRIES.

Under this head, nearly all the large roads operating in Wisconsin have made refunds.

Whatever justification there may be for the policy pursued by the companies for encouraging new industries on their lines of road, they certainly have no right to deduct any such donations from the gross earnings, upon which the license fee due the state is computed. The practice has been common with many of the roads.

COAL, LIME, CEMENT AND SALT.

Dealers in coal, lime, cement and salt have frequently enjoyed rates agreed upon much lower than the regular tariff rates. The published tariff rates have been collected from them, but the excess of such rates over those specially agreed upon has been refunded to them by voucher. All such transactions have been included in the aggregate of improper deductions. One large company received in one year upwards of \$32,000 as refunds on the shipment of one of these products.

EXPENSE OF OPERATING HOTELS AND SLEEPING CARS.

When hotels and lunch counters are operated by the railway company, the expense of their operation should not be deducted from gross earnings, but charged to operating expenses. The same is true of the expense of operating sleeping cars.

REBATES, ILLUSTRATIONS OF.

As an illustration adopted to cover discriminations in the nature of rebates, I quote from certain telegrams and letters

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which have come into my possession, during the investigation. These telegrams and letters are taken from the files of one of the leading lines doing business in the state, and they will explain themselves. Names and other identifying remarks are properly omitted, but they are otherwise verbatim. The first letter is addressed by the president of the shipping corporation to the general freight agent of the railway company, and reads as follows:

*"Dear Sir:—*Herewith send you invoice for a few cars of goods, shipped to . . . . ., and . . . . . last month. Very nearly all of the . . . . . shipments were sold previous to receiving your notice that you would not allow any more rebates on these shipments, and there is still eight or nine cars on our books to go which were sold in the month of November. We have also figured our margins, on the mixed cars of stuff sold during last month so close that there is hardly anything left for us, and we thought by explaining the circumstances to you, that you would allow us the rebate, and in view of our talk last Sunday night in train, thought possibly you would be willing to give us the rebate on these several shipments made during the month of January.

Kindly let us hear from you,

Yours truly,

. . . . . Co."

The records show that these rebates were paid. Other communications are as follows:

*"Dear Sir:—*Please relieve Agent . . . . . to the amount of shipments made by ——— Co., billed prepaid as per expense bills attached. This is in accordance with arrangements made by the general manager and is to cover a subscription of \$500 made by this company toward building a new bridge at . . . . . The . . . . . Co. will pay the five hundred dollars and will bill out shipments prepaid until they are reimbursed, the total amount not to exceed \$500 00.

Yours truly,

. . . . .  
Gen. Frt. Agt."

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Mr. ....

Agent .....

DEAR SIR.—For your information I would state that we wish to have the rate on cooperage stock for ..... 15c. There are some reasons why we do not wish to put in this tariff. Please bill all future shipments for ..... via ..... care of ..... R. R., at the through rate of  $17\frac{1}{2}$ c., showing in the prepaid column an amount equal to  $2\frac{1}{2}$ c. per cwt. For instance, a car weighing 40,000 lbs, at  $17\frac{1}{2}$ c. would be \$70 00, and you would show in prepaid column \$10. This would leave \$60 to be collected, which would be 40,000 lbs., at 15c. You will please send me at the close of each month a statement of the amount you are outstanding on account of the  $2\frac{1}{2}$ c. billed prepaid, and your station will be relieved. In this way shippers will not be required to pay more than 15c. through. Kindly acknowledge receipt of this letter, stating that you understand.

Yours truly,

.....

Gen. Frt. Agt."

"You will receive five cars of oats from ..... on the ..... Ry., account of the ..... Co. They will instruct the shipment forwarded to ..... points ..... You will bill the shipment forward at regular rate from your station, rating  $6\frac{1}{2}$ c. per cwt, prepaid on your WBs and make claim for relief of this amount in the usual manner.

(Signed .....)"

"..... Car 9370, oats from ..... for ..... Bill at regular rate of 16 and hold  $12\frac{1}{2}$  to ..... and 4 beyond. Shows  $7\frac{1}{2}$ c. per cwt. as prepaid, balance collect and make regular station claim for relief which is to be paid entirely by this Co.

(Signed .....)"

"Agent .....

W. Bill ..... 58000 oats to ....., account ..... Co., or ..... Co. at regular tariff rate, showing  $3\frac{1}{2}$ c. per cwt. prepaid. Make claim for relief on this account.

(Signed .....)"

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"Agent .....

Bill oats ..... 17132 from ..... account ..... Co to  
 ..... at regular rate of 16½c. showing 6½c. prepaid and  
 apply for relief, advising when due.

O. K. ....

(Signed .....)

PASSENGER REFUNDS.

The same conditions that were found in the freight traffic exist in the passenger traffic. Commissions for business have been freely paid to agents and representatives of other lines. Refunds of considerable amounts paid for tickets, cash fares, and mileage books by large corporations and other commercial interests in Wisconsin, are not uncommon. The transportation in these cases was used and the service performed. Most of the vouchers for these refunds clearly indicate that the transportation was used by employes of persons and corporations whose names appear on the detailed report of repayments on account of freight. The refunds are a discriminating preference in favor of the parties to whom paid. The name of the account "tickets redeemed" is misleading and deceptive. It includes refunds and repayments that do not represent unused tickets. It is not descriptive of the account as the tickets were used and the service by the railways actually performed. Nevertheless, the money has been refunded, making the transaction equivalent to free transportation at the outset. During the recent years this account has been used to cover refunds of large sums to shippers, wholesale merchants and manufacturers as restorations to them of amounts paid by themselves and their employes for railway transportation.

TRANSFER OF PASSENGERS.

Tickets from Wisconsin to the East, through Chicago, cover the transfer from one station to another in Chicago without extra charge to the passenger. Nevertheless, the companies

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have been in the habit of deducting from their gross earnings the transfer company's charge for the transfer of the passenger. This department maintains that when a railroad company sells a through ticket, charging only the regular rate, it has no right to deduct from transportation so collected, any part of the operating expenses of carrying the passenger to the destination designated by his ticket.

DEMURRAGE.

Demurrage is a penalty imposed upon the shipper who delays a car in loading or unloading beyond a certain fixed period. Some of the roads have included this item in their reports of gross earnings, while other roads have omitted it. It is clearly a part of the gross earnings of the road.

CAR MILEAGE, CREDIT BALANCE.

Under the rules of the railroad companies when one company delivers a loaded car to another, it is entitled for the use of that car to a certain stipulated price per day, until it is returned. When such company receives a car from another company, it has to pay such company the same stipulated price until the car is returned to the owner. This is "interchange of cars," and the account kept thereof is termed "car mileage."

The supreme court of the state has held that where a company operating a road in this state receives more money from car mileage than it pays out to other roads for car mileage, the balance received should be included in its gross earnings. Several roads have reported no credit balance in car mileage to this department. According to their books they have paid out more than they have received and the balance appears in the form of a debit. Two companies operating in this state, owning their sleeping cars, reported the receipts from them as gross earnings. Believing that an injustice was being done these companies, this department demanded a statement from

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the several railway companies of the total amount paid for car mileage, rental of private cars, gross receipts for car mileage, number of miles operated in Wisconsin, under separate heads. All the roads complied with the request and it was found that the rentals or lease of private cars had been included as car mileage. This item being deducted nearly all the roads had a large credit balance annually on car mileage. The amounts recorded are taken from the figures thus computed, which were received from the auditors of the several roads. As soon as time will permit, they will be reviewed by the accountants.

#### RENTALS.

Some of the roads operating in Wisconsin have rented to other lines the use of their tracks for terminals and other purposes, and a certain stipulated price has been paid for the use thereof. They have not reported, claiming that the roads renting their tracks pay taxes on their gross earnings and that, therefore, the lessor should not be called upon to pay on the money received as rentals for the use of its line of road. Others have apportioned the rentals received on the mileage basis of the entire system they operate, and have apportioned the money they have paid out for rentals to other lines on the same basis. Under such a division, there is no credit balance, but when the rentals were localized, it was found that in the state of Wisconsin one system had received nearly \$80,000 annually and paid out only about \$900. This department has included all such rentals, and under this head reports the total amount that has not previously been included in reports to the state.

#### INTEREST ON BONDS AND BANK BALANCES AND DIVIDENDS ON STOCK OWNED.

Two of the large railway companies operating in this state have from time to time purchased stocks and bonds in other

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corporations. The interest and dividends on these securities are the source of a large income. These and other roads operating in the state have considerable sums of money on deposit in different banks which produce certain income in the way of interest. These roads make mention of these items of income in their report to this department, but they have never included such amounts in their report of gross earnings to the state treasurer, and consequently these items have escaped taxation. A tabulated statement of the Wisconsin proportion of these earnings is given among the tables which are appended hereto, marked "Exhibit A."

IMPROPER DEDUCTIONS BASED ON WRONG ACCOUNTING METHODS  
OF DISTRIBUTING CHARGES.

It is found in connection with one company that in addition to the deductions from freight earnings as commissions and refunds to shippers, there has been deducted by the auditing department in reporting to Wisconsin, a class of items which results from transactions described as follows: Consignments of coal, hay, grain, feed and other material, upon arrival at Chicago proper, are often transferred to different industries located on the tracks of this line at other points within the city. For this service additional charges are made. The total of such charges as earnings are in the apportionment of earnings divided equally between two divisions of this line entering Chicago and are used equally by these two divisions. With the exception of this arbitrary division of earnings, the entire earnings of the company, both freight and passenger, are apportioned, in the first instance to operating divisions, and secondly, sub-divided to the various states in which the company operates lines of road, in the proportion which the actual miles over which the specific freight or passenger is transported, within the limits of a division of state, bears to the total distance from point of origin to destination. In certain cases

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repayments of part or all of the local charges above referred to are made shippers and in making the vouchers for such refunds the practice prevails to charge the amount of the voucher one half to one of the divisions, and the balance to the other, being the same proportion that is used originally in creating the earnings when the service is performed, *but in deducting the amount of such vouchers from freight earnings, instead of apportioning the deductions according to the actual distance or territory over which the service is rendered, the total amount of such voucher for each operating division has been divided between the states in the proportion that the earnings of each state bears to the total earnings of the division.*

In this way vouchers in favor of agents of the company in relief account and also to various large shippers and receivers of freight to the aggregate of many thousands of dollars, have been charged to gross earnings in Wisconsin, when this state never received any of the original credit connected with such transportation transactions, no part of the original service having been performed over Wisconsin rails.

This method we have been informed, was originally adopted as being a fair one to all concerned and to save the labor and expense of making numerous calculations necessary to charge accurately in the same proportion that the earnings were originally credited. If the cities and towns along the line from Milwaukee to Chicago were approximately of the same size and doing the same character of business, this method of distributing the refunds would not necessarily work injustice to Wisconsin, but refunds in Wisconsin charged to the division and partly sustained by the state of Illinois would be offset in a general way, by refunds in Illinois, partly sustained by Wisconsin. It is possible, therefore, that in the early period when adopted, the method at present used, produced substantially equitable results, but the growth of the traffic in and near Chicago has been such that there is no doubt that the amounts



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charged to Illinois which should be wholly borne by Wisconsin are very much exceeded by the amounts charged to Wisconsin which should be borne by Illinois.

The officials of this company, when their attention was called to this condition, readily admitted that Wisconsin had probably been largely overcharged in the apportionment of vouchers of this nature, and expressed their intention to have the matter gone over thoroughly, for the entire period, and credit given for the amount which may be shown to have been overcharged, (in the repayments of the refunds referred to) to the state of Wisconsin.

SECRET RATES.

The question of private, secret, or special rates, has not been made a subject of special investigation at this time, but the accountants were instructed not to overlook any information that could be found on this subject, and they have furnished this department with samples of special rates, or hectograph special rate sheets, giving lower rates than had been provided for by the current tariffs, regularly issued by the company. These devices or authorizations were generally addressed to either the receiving agent only, or to both the forwarding and receiving agent, and frequently have been made available only to certain persons or certain industries. Possibly these so-called special rate sheets are to be considered duly published tariffs, but as they are not made public at the stations, we believe that their effect has been to violate section 1798 of the Wisconsin Statutes. Their ultimate effect upon the gross freight earnings in dollars and cents cannot be definitely determined without checking the billing of stations affected.

A comparative table showing the rates made by these hectograph rate sheets, and also the regular rates in effect at the time, is herewith appended.

For detailed statement of the amounts found against each

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of the several railway companies investigated, see statistical table attached herewith.

Special Rate Sheets, or "Hectograph Tariffs."			Special Hectograph.	Regular Printed Tariff Rates		
Commodity.	From	To	Rates, cents per 100 lbs.	Rates, cents per 100 lbs.	Authority G. F. D. Nos.	Date when effective.
Grain, C. L. ....	Galesville.....	Green Bay.....	10.	12.5	58206	7-15-01
Brick, C. L. ....	Ringle.....	Wausau.....	2.5	4.	3914	8-2-04
Lumber, C. L. ....	Oshkosh.....	Nashkoro.....	5.8	8.	66500	9-22-02
Lumber, C. L. ....	Oshkosh.....	Spring Lake.....	5.8	8.	66500	9-22-02
Lumber, C. L. ....	Oshkosh.....	Red Granite.....	5.8	8.	66500	9-22-02
Grain.....	Green Bay.....	Oconto.....	5.8	6.	58206	7-15-01
Lime, C. L. ....	Eden.....	Milwaukee.....	4.	4.5	1756	11-2-03
Lumber, C. L. ....	Oshkosh.....	Princeton.....	4.	5.	66500	9-22-02
Stone, rough, C. L. ....	Red Granite.....	Milwaukee.....	4.	5.	66875	9-25-02
Coal, hard & soft, C. L.	Milwaukee.....	Oshkosh to { De Pere.....	3.75	5.	68532	12-9-02
	Sheboygan.....					
	Green Bay.....					
Salt, C. L. ....	Manitowoc.....	Fond du Lac.....	4.	6.66	1082	7-23-03
	Milwaukee.....					
	Sheboygan.....					
Salt, C. L. ....	Manitowoc.....	Nekoosa.....	6.66	8.33	1082	7-23-03
	Milwaukee.....					
	Sheboygan.....					
Lime, C. L. ....	Manitowoc.....	Ft. Edwards.....	3.	4.	1756	11-2-03
	Grimms.....					
	Manitowoc.....					
4th Class Mdse.....	Manitowoc.....	Oshkosh to { De Pere.....	12.	16.	43544	8-2-99
	Two Rivers.....					
	Antigo.....					
Slabs, fuel.....	Antigo.....	Sheboygan.....	5.	6.	3914	8-2-04
Paper, C. L. ....	Beloit.....	Janesville.....	4.	4.	66875	9-25-02
Lime, C. L. ....	Brillion.....	Neenah & Me- nasha.....	3.5	4.5	1756	11-2-03
Coke, C. L. ....	Milwaukee.....	West Bend.....	3.75	4.	68532	2-9-02
Coal, C. L. ....	Milwaukee.....	Eden.....	3.75	5.	68532	12-9-02
	Sheboygan.....	Brillion.....				
	Manitowoc.....	Grimms.....				
Coal, C. L. ....	Green Bay.....	De Pere.....	2.5	5.	68532	12-9-02
Paper stock, C. L. ....			2.	2.5	66875	9-25-02
Cement, plaster, stuc- co, etc.....	Milwaukee.....	Eden, Brillion, Grimms, Fond du Lac, Osh- kosh.....	4.17	6.	2052	12-19-03
Iron and steel cast- ings, C. L. ....	Milwaukee.....	Waukesha.....	2.5	3.	1870	11-23-03
	New London.....	Pt. Washington.....				
	Stratford.....	Marshfield.....				
Lumber, C. L. ....	Stratford.....	Marshfield.....	2.	2.75	3914	8-2-04
Fuel wood, C. L. ....	Stratford.....	Marshfield.....	3.	5.	66500	9-22-02
Lumber, C. L. ....	Tigerton.....	Marshfield.....	3.	5.	66500	9-22-02
Hardwood Lbr., C. L. ....	Eland Jct.....	Wausau.....	5.	6.5	66500	9-22-02
Cull lumber, C. L. ....	Marshfield.....	Wausau.....	3.	5.	66500	9-22-02
Cull lumber, C. L. ....			3.	5.	66500	9-22-02
Cement, plaster and stucco.....	Milwaukee.....	Sheboygan.....	4.17	5.	2052	12-19-03

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*Investigation Relating to Back Taxes.*

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## COMMISSIONS ON WHICH TAXES HAVE BEEN PAID.

On a preceding page of this report, the subject of commissions deducted from gross earnings, was briefly taken up. It was found that one of the large roads operating in this state had paid commissions and deducted them from its gross earnings when they made their annual report to their board of directors, but before making their report to the state of Wisconsin of gross earnings, on which their taxes were based, these commissions were replaced and reported. From this fact it would appear that these commissions must have been illegal under the laws of Wisconsin and must have been paid in the form of some discrimination between shippers. The extent of such commissions or discrimination have never been inquired into. The department called your attention to this question in a special report, July 6, 1906.

My accountants were instructed to take up the investigation of this question for the years 1901 or 1902, as was most convenient for the company. On September 10, 1906, they went to Chicago, ready to commence work and were notified that the railway company was ready to give them access to all vouchers relating to shipments that were local to the state of Wisconsin, but that they would not give them access to any vouchers or commissions on interstate business. On receiving this information, a letter was addressed to the Attorney General, asking his opinion as to the authority the department had on the question of making an investigation of such commissions when they were paid on interstate earnings. No answer has been received up to date, and consequently we were forced to drop this matter. The department was not working on any theory, but had facts in its possession which gave it some idea of the purport of the commissions that were paid. A copy of one of the vouchers of this kind is hereto annexed.

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*Investigation Relating to Back Taxes.*


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"February, 1902.

.....Freight Auditor. In favor of.....Payable through  
 .....A.G.F.A, For \$6.50 per car commissions on 530 car-  
 loads of freight forwarded from..... over..... Ry. in  
 1901, as per statement of billing attached, charging connecting  
 lines with their proportion of same.

(Signed).....G.F.A.

(Signed).....Frt. Traffic  
 Manager.

(Endorsed) Vice President."

SPECIAL REPORT AT THE REQUEST OF THE  
 GOVERNOR.

Madison, Wis. Feb. 10, 1904.

Hon. JOHN W. THOMAS,  
*Railroad Commissioner.*

DEAR SIR: In prosecuting the investigation of railroad book accounts, records, and officials, under section 1794 of the Wisconsin Statutes of 1898 and chapter 431 of the laws of 1903, I respectfully request that you ascertain and report as promptly as may be all railroad passes, limited or unlimited, annual or special, and all railway mileage books and transportation issued by any railroad corporation transacting business within the state of Wisconsin, whether issued as a gratuity or paid for otherwise than in money; and that you report the names and residences of all persons residing in the state of Wisconsin to whom such passes, mileage books, or transportation has been issued.

It is quite apparent that such information is pertinent to the inquiry which you are making, for the purpose of determining whether the railroad companies report fully their gross earnings to the state, upon which the state received a four per cent license fee in lieu of all taxes.

Very respectfully yours,

ROBERT M. LAFOLLETTE,

*Governor.*

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*Investigation Relating to Back Taxes.*

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MADISON, WIS., Feb. 14, 1905.

HON. R. M. LAFOLLETTE,  
*Governor, Madison.*

DEAR SIR:—In compliance with your request of February 10th, 1904, to this department, asking for information relating to the issuing of railroad passes, limited or unlimited, annual or special, and all railroad mileage books and transportation issued by any railroad corporation transacting business within the state of Wisconsin, whether issued as a gratuity, or paid for otherwise than in money, and that the names and residences of all persons residing in the state of Wisconsin to whom such passes, mileage books, or transportation had been issued, be reported to you, I would most respectfully report that copies of your communication to this office were furnished to the several large railroad companies operating in this state and a short time thereafter I visited, personally, the office of the C. & N. W. Ry. Co., and President Hughitt informed me that his Company would furnish the information required if the other companies did. I then visited the General Office of the C., M. & St. P. Ry. Co. President Earling was out of the city. I met General Solicitor Peck who informed me that he was not prepared to say what his company would do, but he thought they would furnish the information. At that time, Messrs. Fisher & Cleary were directed to comply with your request by procuring a list of passes for the year 1903, and also for the months of January and February, 1904, so as to ascertain if the continued violation was still in force if any was found, and to get all other free transportation for the year 1903, and as soon as they had completed checking over the years they were then at work on for the C., M. & St. P. Ry., they made the demand for the information. After being kept in suspense several days, they were notified that the Company would not furnish the information demanded and on the 23d of March, I received the following letter from President A. J. Earling.

"HON. JOHN W. THOMAS,  
*Railroad Commissioner,*  
Madison, Wis.

DEAR SIR:—I beg to acknowledge receipt of your favor of the 16th of February enclosing copy of Governor La Follette's

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*Investigation Relating to Back Taxes.*

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letter to you of February 10th, directing you to ascertain and report all railroad passes and mileage books, whether issued as a gratuity or paid for otherwise than in money, and also the names and residences of all persons residing in the state of Wisconsin to whom such transportation has been issued. The Governor states that this information is pertinent "for the purpose of determining whether the railroad companies report fully their gross earnings to the state, upon which the state receives a four per cent license fee in lieu of all taxes." The Governor does not indicate the period for which the information is desired, but your Mr. Fisher informs me that it is wanted for the year 1903 and for the months of January and February, 1904.

If this information is wanted for the purpose of determining whether this company has fully reported its gross earnings, it is obvious that the request for transportation issued during the months of January and February, 1904, at this time is premature. Under the statutes, railroad companies are required to make and return to the State Treasurer, on or before the 10th day of March, in each year, a statement of the gross earnings of their respective roads, for the preceding calendar year. This company therefore, is not required to report its gross earnings to the state for 1904, until March 1905; and until such earnings have been actually earned and reports made, any investigation into them, or information concerning them for any fraction of a year would serve no good purpose and would be premature.

In respect to the year 1903; if the information sought for would assist the proper state officials in determining whether this company had reported fully its gross earnings for that year, the governor is right in his direction to you; otherwise he is in error. The statutes of Wisconsin require railroad companies to report the "*gross earnings*" of their roads, and to pay an annual license fee, based upon the amount of such earnings. They also require the Railroad Commissioner to ascertain and return to the State Treasurer among other things, "*the total gross receipts resulting from the operation of every such railroad, etc.*" Manifestly passes and mileage books, issued as a gratuity or compliments, are neither "*receipts*" nor "*earnings*" of this company. If issued as retainers to local attorneys, or for advertising, or for other serv-

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*Investigation Relating to Back Taxes.*

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ices rendered, still, the consideration for which they were issued, is not and cannot be classed as earnings or receipts within the meaning of the statutes. What sums might possibly have been received in money, if such passes or mileage books had not been issued gratuitously, or for services, or what the transportation may have been worth to the recipients, is wholly immaterial in any investigation of the gross earnings, or total gross earnings, of this company. Whatever may be included within these terms "*gross earnings of their respective roads*" or "*total gross receipts resulting from the operation of every such railroad,*" it is clear that they include only actual *earnings or the receipts*, and do not include what might have been earned or received if such transportation had not been so issued, or the value which such transportation may have been to the recipient.

Manifestly, any statement which this company might make of the names or residences of the Wisconsin holders of passes or mileage books, issued gratuitously or for services, would not aid in the least in determining whether it has reported fully its gross earnings to the state for the year named. What transportation such persons received, or what service, if any they rendered therefor, and who they are and where they reside are obviously irrelevant to any legitimate inquiry into the amount of the gross earnings or receipts, of the company, which it is required to report to the state.

Whether the Chicago, Milwaukee & St. Paul Railway Company has made a full and correct report of all its gross earnings within this state for 1903 is a question which the railroad commissioner has the right to investigate, and the officers of this company are ready and willing to afford every facility for a lawful investigation into the truth of its reports. But your present request, at the demand of the governor, is so clearly improper, that I must respectfully decline to comply therewith.

Respectfully,  
(Signed) A. J. EARLING,  
President."

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After the refusal of the C., M. & St. P. Ry. Co., this work was not made special, but was taken up in regular order with the other part of the investigation. No list of passes issued by any railroad company in the state was received, but the Minneapolis, St. Paul & Saulte Ste. Marie, submitted their records of passes issued, for inspection of myself and Messrs. Fisher & Cleary in the presence of the General Manager, but would not allow copies to be made. Their books gave the names and addresses of persons receiving passes and reasons for granting the same. There were seventy five passes given to Wisconsin residents, largely to railroad men. The C. & N. W. and the C., St. P. M. & O. and Wisconsin Central claim they have violated no law of Wisconsin in the granting of any passes and that to guard against the violation of any law relating to the issuing of passes to any state officials, they require every person receiving a pass to sign a statement as follows:

"And as a further condition of my being permitted to use this pass, I hereby declare that I am not a member or employe of any political committee in Wisconsin, nor a candidate for, or an incumbent of, any office or position under the constitution or laws of Wisconsin, or under any ordinance of any town or municipality of that state, and that this pass was not requested by and is not for the advantage of any such person or persons."

This statement must be signed by the recipient of the pass before it can be used.

A list of advertising contracts given and mileage furnished was received from the C. & N. W. Ry. Co., the C., St. P. M. & O., Green Bay & Western, Wisconsin Central, and M. St. P. and S. S. M.

When Messrs. Gilman & Mason commenced their work in reviewing the first examination made on the C., M. & St. P., President Earling notified them that his Company would furnish a list of contracts for advertising and mileage issued in payment of the same, and on the 18th inst., a copy was received covering the year 1904, but we have no way of ascertaining how such list compares with 1903, but take it for



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granted it is not less. Such list shows that the several roads have given for the respective years for which the lists were furnished the following amount in mileage in payment for such advertising:

1903	C. & N. W.....	\$58,118 93
	C., St. P., M. & O.....	7,092 39
	G. B. & W.....	2,010 00
	M., St. P. & S. Ste. M.....	1,200 00
1904	Wis. Central .....	15,098 85
	C., M. & St. P.....	49,125 75
	Total .....	\$132,645 92

The above transportation is in the form of mileage and other tickets issued to publishers of newspapers, pictorials, pamphlets, and other mediums of advertising in Wisconsin. The record which has been exhibited and which is claimed to be the entire record of this class of transportation which has been issued by the roads to Wisconsin papers and other mediums of advertising, is very meager. The method which has been in use in connection with this class of business is as follows: A contract is made with the parties that do the advertising, either newspaper, agricultural association, or other medium, and this is the basis of the transaction which follows and forms the first of the so-called "papers" which constitute the entire record of this business. The contract is attached to a card-board back upon which is endorsed the name and location of the publication. The application for tickets or mileage, which must pass through the local agent where the publication exists, are attached to the contract in the order of their receipt at the Passenger Traffic Manager's office, and an endorsement is made upon the application showing the value of the ticket issued thereon. It is claimed by the officials of the passenger department that no other record exists of transportation issued in this class, and that even this record exists only during the calendar year for which it is issued, that therefor, the period covered by this examination prior to 1903, all the papers, including the contracts, have been destroyed, and that this destruction annually of such records has been the prevailing custom for many years. Objection was made to an examination of the correspondence included in the papers effecting the business with each publication and the work has been limited strictly to the information called for. Of course, in view of the character of the record, it is impossible to determine

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whether all the requests for tickets under the contract have been attached, or whether the detailed statement attached included the total value of all tickets issued to Wisconsin publishers, but we believe that it is approximately correct for the several years listed except when transportation may have been issued in the form of free passes. If passes were given to publishers, the records which are herein exhibited in connection with the contracts do not show it. The question was raised as to the earnings affected by such transportation issued in Wisconsin. The use of advertising mileage books and tickets is not confined to the state of Wisconsin and it is practically impossible to apportion the earnings therefrom among the states based upon the methods employed in dividing other passenger earnings, but if this were done it would be necessary to ascertain the amount of such advertising tickets issued in all of the states where publications are situate, and base the claim of the state of Wisconsin upon the mileage actually detached within Wisconsin's borders regardless of the location of the publications on account of which the mileage was issued. It being beyond our jurisdiction to demand such record on account of publishers of other states, it is assumed that the tickets issued to Wisconsin publishers and used in other states would be offset by the tickets issued to publishers in other states and used in Wisconsin.

As this investigation is confined to Wisconsin publishers or other mediums of advertising, we are limited to this assumption. In view of the fact that no tickets or mileage issued on account of advertising have been credited to gross passenger earnings, it certainly must be assumed that the state has been deprived of a certain amount of tax by this practice. The value of this transportation should have been included in gross passenger earnings and reported as such to the state of Wisconsin inasmuch as the railway companies have chosen to make contracts for advertising on a money basis and the value of the transportation furnished clearly appears though no money actually passed between the railway companies and the publishers, or other mediums of advertising. Advertising is an expense and instead of being so charged, it is in effect charged to earnings, the value of the transportation being withheld therefrom. Failing to get a complete record of the amount of transportation so withheld, we are constrained to

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make some estimate of what is deemed reasonable. The conditions of railway business in this state for the past five years have have been such that it is safe to assume that the value of this class of advertising done and mileage issued has been about the same, and discounting the above amount fifteen per cent, would certainly be a reasonable estimate of the advertising mileage issued in 1897 and 1898. Based on this estimate, the advertising mileage issued in Wisconsin that was not credited to gross passenger earnings covering a period of seven years would amount to \$986,728.06. Four per cent of this would be a tax of \$39,469.12. This is certainly a very conservative estimate. As already stated we cannot fully vouch that all the facts have been ascertained. Such as have been ascertained, however, we have had copied and hereto attached.

We have nothing further to say in regard to the issuing of passes more than has already been communicated to you in our annual report now in print.

Respectfully submitted,

(Signed) JOHN W. THOMAS,  
*Railroad Commissioner.*

There can be no doubt that advertising is a part of the legitimate operating expenses of any railroad and previous to the enactment of the ad valorem taxation law, where this advertisement was paid in free mileage books, the state was deprived of its legitimate tax on that amount whether it was three or four per cent, and in some instances the difference might have brought the roads into a higher class and increased the taxes several thousand dollars.

## Investigation Relating to Back Taxes.

## EXHIBIT A.

WISCONSIN PROPORTION OF CHICAGO &amp; NORTHWESTERN RY. CO.'S INCOME REPORTED, BUT NOT INCLUDED IN TAXABLE EARNINGS.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Interest on bonds and dividends on stocks owned .....	\$287,474 77	\$327,511 12	\$397,730 46	\$433,069 76	\$420,281 67	\$503,133 98	\$447,874 58	\$2,517,126 34

WISCONSIN PROPORTION OF CHICAGO, MILWAUKEE &amp; ST. PAUL RY. CO.'S INCOME REPORTED, BUT NOT INCLUDED IN TAXABLE EARNINGS.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Gross amount of interest or dividends received on bonds owned .....	\$3,872 92	\$13,219 93	\$6,738 70	\$7,438 36	\$3,965 21	\$3,504 87	\$1,642 30	\$40,332 29
Gross amount of interest or dividends received on stock owned .....	1,276 07	1,301 44	984 10	738 33	564 16	8,857 78	14,552 67	28,294 55
Gross amount of interest on deposits .....	19,313 18	13,542 88	21,082 25	30,801 86	51,177 64	113,602 88	81,014 48	330,534 67
Gross amount of miscellaneous income (other interest) .....	6,428 50	9,250 97	4,165 72	3,598 70	4,688 06	6,197 51	4,581 09	38,908 55
Totals .....	\$30,888 67	\$37,314 72	\$32,970 77	\$42,567 25	\$60,395 07	\$132,163 04	\$101,790 54	\$438,120 06

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*Investigation Relating to Back Taxes.*

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Before closing this report, we feel it but just to call attention to certain conditions that have existed and no doubt led to some of the large rebates that were paid, especially to the Northern Grain Company. In the early 80s, certain interests in Chicago had secured such a grip over the through traffic from the West that it was utterly impossible for Western flour and grain to pass to the East without paying tribute to Chicago in some form. Chafing under these conditions, the Minneapolis milling industry began to look around for some other outlet. It required but little investigation on their part to see that with the Canadian Pacific already at the "Soo" anxious to tap the great agricultural states of Wisconsin, Minnesota and Dakota, any promoter of a railway leading from Minneapolis to the "Soo," would meet with great encouragement, and capital could be obtained in any amount. The result was that in 1881 companies were organized to build a road from Minneapolis to the "Soo" under charters granted in Minnesota, Wisconsin and Michigan. On the completion of this road, it immediately became one of the great freight lines through the state of Wisconsin. The lines running from St. Paul to Chicago through Wisconsin felt the effect of this outlet immediately and the Wisconsin Central in 1894 conceived the idea of building a branch from Menasha to Manitowoc and establishing a ferry across Lake Michigan connecting with a Michigan line to the East, thus making a second route to the East, independent of Chicago. On the completion of this route, the Northern Grain Company, which was organized in the early 90s, built two large elevators at Manitowoc on the terminals of the Wisconsin Central and the Chicago & North Western, and, had the Wisconsin Central been able to furnish ferrying facilities, no doubt they would have been able to handle all the business that came to them. In one year, on this line, the flour traffic from Minneapolis alone was over 14,000 carloads. However, not being able to handle the shipments promptly and satisfactorily, the Chicago

*Investigation Relating to Back Taxes.*

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& North Western immediately stepped in and bid for the traffic by meeting the rates via the Manitowoc gateway. While most of the vouchers paying rebates have endorsed on them "to protect the Manitowoc gateway," the real fact in the case is that the refunds were paid to equalize the difference in rates between Manitowoc and Chicago. Hence, a great many of the large refunds received by the Northern Grain Company were, no doubt, bids for business via Chicago, which probably no other company would have refused if placed in like circumstances. It would seem that large companies like the Chicago & North Western and the Chicago, Milwaukee & St. Paul, with terminals in Milwaukee, would have availed themselves of car-ferriage across the lake, or seen the necessity of getting a belt line to their Eastern connections, around the suburbs of Chicago, so as to handle the through traffic direct and relieve the congested condition annually occurring in Chicago, and also avoid the burden of having to underbid for the through business to the East.

Respectfully submitted,

JOHN W. THOMAS,  
*Railroad Commissioner.*

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TABULATED STATEMENT SHOWING ILLEGAL DEDUCTIONS AND EARNINGS NOT REPORTED ON THE SEVERAL RAILWAY COMPANIES INVESTIGATED.

December, 1906.

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SUMMARY OF IMPROPER DEDUCTIONS, AND AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS.									
	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Commissions and repayments to shippers on account of freight traffic .....	\$322,256 86	\$360,218 60	\$654,753 80	\$628,334 31	\$582,818 05	\$1,206,183 90	\$1,430,146 75	\$733,951 88	\$6,927,669 15
Commissions and repayments on passenger tickets.....	90,937 80	99,275 98	134,487 07	158,509 99	153,974 95	110,877 09	149,973 08	70,605 27	948,641 24
Expense of operating hotels...					1,310 39			290 57	1,600 96
Expense of operating sleeping cars .....	3,804 48	1,311 23	1,701 06	1,663 07	1,507 62	1,627 90	2,063 65		13,728 91
AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:									
Car mileage, credit balance...	83,555 32	49,697 96	94,224 45	113,308 52	147,183 95	168,593 27	140,137 26	271,095 38	1,070,856 11
Switching charges collected...	327,967 80	250,025 51	253,464 99	344,599 88	319,915 55	307,166 09	321,679 24	344,896 06	2,465,543 65
Storage, demurrage and miscellaneous .....		1,538 50	5,009 00	4,848 55	3,851 15	18,381 82	55,968 28	75,256 79	185,304 09
Rental of tracks and terminals	259,881 17	89,941 83	91,104 09	101,111 18	97,379 60	92,397 85	91,601 48	82,366 63	906,684 48
Totals .....	\$1,598,403 49	\$854,009 66	\$1,224,745 03	\$1,552,465 50	\$1,560,456 65	\$1,874,668 72	\$2,191,589 69	\$1,519,600 84	\$12,499,028 59

C., M. & St. P., C. & N. W., C., St. P., M. & O., M., St. P. & S. S. M., W. C., G. B. & W., K., G. B. & W., C., B. & Q., C., B. & N., D., S. S. & A., G. N., and N. P. Rys.



**SUMMARY GROSS EARNINGS ON THE C. M. & ST. P., C. & N. W., C. ST. P. M. & O., & A., G. N. AND N. P. RYS.**

	& Q.	C. B. & N.	D. S. S. & A.	G. N.	N. P.	Totals.
<b>AMOUNTS DEDUCTIBLE FROM GROSS PORTED</b>						
Commission on freight transportation	16 49	59,489 34	25,391 28	7,622 71	24,025 65	6,927,669 15
Commission on freights						948,641 24
Expense of hotels						1,600 96
Expense of operating cars						13,728 91
<b>AMOUNTS NOT DEDUCTIBLE FOR TAX A PART OF EARNING</b>						
Car mileage balance						1,070,856 11
Switching charges collected						2,465,543 65
Storage, demurrage, and miscellaneous						165,304 09
Rental of terminals						905,684 48
<b>Totals</b>	16 49	59,489 34	25,391 28	7,622 71	24,025 65	12,499,028 59



*Investigation Relating to Back Taxes.*

## CHICAGO, MILWAUKEE &amp; ST. PAUL RAILWAY.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Commissions and repayments to shippers on freight traffic	\$426,345.13	\$137,770.13	\$150,189.30	\$108,609.96	\$185,255.86	\$229,365.22	\$233,869.79	\$230,745.96	\$1,832,151.35
Commissions and repayments on passenger tickets.....	52,985.63	23,350.06	30,372.25	43,344.83	21,542.56	10,864.67	23,338.93	18,126.78	223,953.71
AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:									
Car mileage, credit balance..	63,691.36	17,004.12	46,414.09	50,543.92	58,075.33	56,013.37	58,455.81	112,638.88	469,134.86
Switching charges, collected..	281,058.37	144,414.15	141,401.83	184,603.11	150,983.05	163,334.43	164,918.31	181,544.49	1,421,207.74
Storage, demurrage and miscellaneous .....			1,810.50	2,659.50	1,309.00	13,282.50	52,225.78	71,232.75	142,520.03
Rentals of tracks and terminals .....	240,956.44	83,267.90	84,110.71	81,755.92	79,003.84	79,681.57	79,297.48	79,366.63	807,440.49
Totals .....	\$1,038,336.93	\$407,836.36	\$484,298.68	\$561,517.24	\$505,119.64	\$555,541.76	\$612,104.10	\$693,653.49	\$4,886,408.20

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## CHICAGO &amp; NORTHWESTERN RAILWAY.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Repayments to shippers on freight traffic .....	\$243,591 96	\$132,978 96	\$273,210 13	\$338,754 90	\$419,333 28	\$551,591 15	\$687,465 69	\$410,476 90	\$3,267,402 95
Repayments on passenger tickets .....	22,993 91	55,038 64	77,954 91	74,779 78	85,796 43	79,825 15	102,458 52	38,508 15	537,355 49
AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:									
Car mileage, credit balance .....	4,423 34								
Switching charges, collected .....		11,032 08	3,192 11	10,991 12	16,093 70	30,135 43	20,465 45	4,725 75	101,101 98
Storage, demurrage and miscellaneous .....		84,855 60	84,355 66	115,970 21	115,965 48	92,404 29	98,883 43	113,552 01	701,486 74
Rental of tracks and terminals .....		179 00	1,116 50	629 05	387 65	3,244 32	.....	939 04	6,496 56
Totals .....	\$271,009 21	\$284,134 34	\$440,329 31	\$550,181 77	\$655,376 87	\$766,816 62	\$1,113,577 09	\$568,201 85	\$4,650,137 06

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## CHICAGO, ST. PAUL, MINNEAPOLIS &amp; OMAHA RAILWAY.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Commissions and repayments to shippers on account of freight traffic .....	\$68,362 48	\$23,700 73	\$59,766 53	\$110,757 18	\$87,510 49	\$122,951 23	\$110,547 14	.....	\$583,685 78
Commissions and repayments on passenger tickets.....	.....	10,575 79	16,202 43	13,771 17	8,729 77	7,206 03	8,074 45	.....	64,559 64
AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:									
Car mileage, credit balance...	22,140 62	10,519 30	32,529 77	37,141 34	46,238 46	35,984 42	34,725 51	\$65,739 53	285,019 00
Switching charges collected...	46,909 43	14,835 20	17,705 50	22,225 89	17,996 76	21,135 58	30,225 03	29,463 71	200,497 75
Storage, demurrage and miscellaneous .....	.....	1,359 50	2,082 00	1,560 00	2,154 50	2,305 00	3,742 50	3,085 00	16,288 50
Rentals of tracks and terminals .....	18,924 73	6,673 93	6,983 98	10,298 55	10,068 41	3,000 00	3,000 00	3,000 00	61,959 65
Totals .....	\$156,337 26	\$67,754 60	\$135,280 21	\$165,754 13	\$172,668 39	\$192,532 26	\$190,315 28	\$101,288 29	\$1,212,010 32

*Investigation Relating to Back Taxes.*

## MINNEAPOLIS, ST. PAUL &amp; SAULT STE. MARIE RAILWAY.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Commissions and repayments to shippers on freight traffic .....	\$83,957 29	\$35,992 02	\$73,261 92	\$57,094 07	\$43,596 28	\$56,502 96	\$54,063 56	\$58,972 75	\$464,041 75
Commissions and repayments on passenger traffic .....	14,958 32	6,102 22	5,272 46	4,507 62	4,556 80	3,024 56	748 47	37 09	39,807 63
Expense of operating hotel.									
Expense of operating sleeping cars .....	3,804 48	1,311 23	1,701 06	1,093 07	1,310 39			290 57	1,600 96
AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:									
Car mileage, credit balance .....		4,062 46	12,068 48	14,692 14	10,683 13	16,933 33	15,553 52	40,339 43	114,382 49
Switching charges collected .....		2,780 00	3,976 00	4,432 00	4,775 00	5,966 00	5,050 00	3,770 00	30,779 00
Totals .....	\$102,720 09	\$50,278 83	\$96,299 92	\$82,418 90	\$66,429 37	\$84,684 65	\$78,090 20	\$103,409 84	\$664,940 74

*Investigation Relating to Back Taxes.*

## WISCONSIN CENTRAL RAILROAD COMPANY.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:								
Commissions and repayments to shippers on freight traffic .....	\$15,302 29	\$16,339 77	\$45,049 60	\$47,941 19	\$52,734 71	\$49,592 73	\$8,653 37	\$265,603 66
Commissions and repayments on passenger tickets .....	4,179 27	4,666 40	21,739 51	13,253 53	9,348 73	15,354 66	13,933 25	82,475 35
AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:								
Car mileage, credit balance .....				16,100 33	26,526 72	10,936 97	46,539 67	100,133 69
Switching charges collected .....				15,192 00	18,190 00	20,990 00	1,616 50	65,103 35
Totals .....	\$19,481 56	\$20,996 17	\$75,908 96	\$92,487 05	\$136,800 16	\$96,874 36	\$70,772 79	\$513,316 05

*Investigation Relating to Back Taxes.*

## GREEN BAY AND WESTERN RAILWAY.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
<b>AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:</b>								
Commissions and repayments to shippers on freight traffic.....	\$6,568 40	\$12,766 38	\$15,205 45	\$19,395 78	\$15,589 75	\$13,804 15	\$6,464 38	\$88,584 35
Commissions and repayments on passenger tickets .....	.....	15 62	367 08	95 77	7 95	.....	.....	489 42
<b>AMOUNTS NOT REPORTED FOR TAXES THAT ARE A PART OF GROSS EARNINGS:</b>								
Car mileage, credit balance .....	.....	.....	.....	.....	.....	.....	1,084 07	1,084 07
Switching charges collected .....	3,140 50	5,526 00	8,253 82	6,053 26	6,105 79	6,611 82	10,777 88	46,469 07
<b>Totals .....</b>	<b>\$8,408 90</b>	<b>\$18,311 00</b>	<b>\$23,826 38</b>	<b>\$25,544 81</b>	<b>\$21,703 49</b>	<b>\$20,506 00</b>	<b>\$18,326 33</b>	<b>\$136,636 91</b>



*Investigation Relating to Back Taxes.*

## KEWANEE, GREEN BAY &amp; WESTERN RAILROAD.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:								
Commissions and repayments to shippers on freight traffic .....	\$1,143 04	\$1,074 68	\$2,673 03	\$1,123 54	\$4,205 48	\$2,374 53	\$369 54	\$13,053 84
Totals .....	\$1,143 04	\$1,074 68	\$2,673 03	\$1,123 54	\$4,205 48	\$2,374 53	\$369 54	\$13,053 84

## CHICAGO, BURLINGTON &amp; QUINCY RAILROAD.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Total.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:								
Commissions and repayments to shippers on freight traffic .....			\$34,799 24	\$59,187 86	\$132,300 02	\$55,783 30	\$14,546 07	\$306,616 49

*Investigation Relating to Back Taxes.*

## CHICAGO, BURLINGTON &amp; NORTHERN RAILROAD.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Total.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:								
Commissions and repayments to shippers on freight traffic .....	\$9,996 25	\$32,340 97	\$17,152 12					\$59,489 34

## DULUTH, SOUTH SHORE &amp; ATLANTIC RAILROAD.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Total.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:								
Commissions and repayments to shippers on freight traffic .....	\$6,466 88	\$2,281 72	\$4,579 67	\$4,479 23	\$3,585 79	\$3,290 17	\$707 77	\$25,391 28

*Investigation Relating to Back Taxes.*

## GREAT NORTHERN RAILWAY COMPANY.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Total.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Commissions and repayments to shippers on freight traffic .....		\$378 98	\$333 60	\$1,408 95	\$2,874 28	\$1,957 52	\$146 57	\$22 81	\$7,022 71

## NORTHERN PACIFIC RAILROAD.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Total.
AMOUNTS WRONGFULLY DEDUCTED FROM GROSS EARNINGS BEFORE REPORTED FOR TAXES:									
Commissions and repayments to shippers on freight traffic .....		\$130 02	\$2,608 80	\$3,250 11	\$3,120 23	\$5,315 07	\$8,519 00	\$2,992 33	\$34,025 65

*Investigation Relating to Back Taxes.*

SUMMARY OF ANNUAL DEDUCTIONS FROM FREIGHT EARNINGS ON ACCOUNT OF REFUNDS TO SHIPPERS AND COMMISSIONS.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Chicago, Milwaukee & St. Paul	\$26,345 13	\$137,770 13	\$190,189 30	\$198,609 96	\$185,255 86	\$299,305 22	\$233,869 79	\$230,745 96	\$1,822,151 35
Chicago & Northwestern	243,591 96	132,878 96	273,210 13	338,754 90	429,333 26	551,591 15	887,465 69	410,476 90	3,267,402 95
Chicago, St. Paul, Minneapolis and Omaha	68,362 48	23,790 73	59,766 53	110,757 18	87,510 49	122,951 23	110,547 14	.....	588,685 78
Minneapolis, St. Paul & Sault Ste. Marie	88,957 29	35,992 92	73,261 92	57,094 07	43,566 28	56,502 96	54,603 56	58,972 75	404,041 75
Wisconsin Central	.....	15,302 29	16,323 77	45,049 60	47,941 19	82,724 71	49,592 73	8,653 37	265,608 66
Green Bay & Western	.....	5,208 40	12,766 38	15,205 48	19,395 78	15,583 75	13,894 18	6,464 38	88,584 35
Kewanee, Green Bay & Western	.....	1,143 04	1,074 68	2,673 03	1,123 54	4,295 48	2,374 53	369 54	13,053 84
Chicago, Burlington & Quincy	.....	.....	.....	34,799 24	59,187 86	132,300 02	65,783 30	14,546 07	306,616 49
Chicago, Burlington & Northern	.....	9,996 25	32,340 97	17,152 12	.....	.....	.....	.....	59,489 34
Duluth, South Shore & Atlantic	.....	6,466 88	2,281 72	4,579 67	4,479 28	3,585 79	3,260 17	707 77	25,391 28
Great Northern	.....	378 98	883 60	1,408 95	2,874 28	1,957 52	146 57	22 81	7,622 71
Northern Pacific	.....	130 02	2,698 80	2,250 11	2,120 23	5,315 07	8,519 09	2,992 33	24,025 65
Totals	\$822,256 86	\$369,218 60	\$654,753 80	\$838,334 31	\$882,518 05	\$1,206,188 90	\$1,430,146 75	\$733,951 88	\$8,927,699 15

\* Including \$47,006.46, items not Wisconsin, but charged to Wisconsin earnings.

*Investigation Relating to Back Taxes.*

## SUMMARY ILLEGAL DEDUCTIONS FROM PASSENGER EARNINGS ON ACCOUNT OF REFUNDS OR COMMISSIONS.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Chicago, Milwaukee & St. Paul	\$52,985 63	\$23,390 06	\$30,372 25	\$43,344 83	\$21,542 56	\$10,884 67	\$23,336 93	\$18,126 78	\$223,953 71
Chicago & Northwestern .....	22,993 91	55,033 64	77,954 91	74,779 78	85,796 43	79,825 15	102,458 52	38,506 15	537,355 49
Chicago, St. Paul, Minneapolis and Omaha .....	.....	10,575 79	16,202 43	13,771 17	8,729 77	7,206 03	8,074 45	.....	64,559 64
Minneapolis, St. Paul & Sault Ste Marie .....	14,958 32	6,102 22	5,272 46	4,507 62	4,556 80	3,624 56	748 47	37 09	38,807 63
Wisconsin Central .....	.....	4,179 27	4,666 40	21,739 51	13,253 53	9,348 73	15,354 66	13,933 25	82,475 35
Green Bay & Western .....	.....	.....	18 62	367 08	95 77	7 95	.....	.....	489 42
Totals .....	\$80,937 86	\$99,275 96	\$134,437 07	\$158,509 99	\$133,974 95	\$110,877 09	\$149,973 03	\$70,605 27	\$948,641 24

*Investigation Relating to Each Taxes.*

## SUMMARY CAR MILEAGE, CREDIT BALANCE NOT REPORTED.

	Before 1897.	Jan. 1st to June 30, 1897	Year end- ing June 30, 1898.	Year end- ing June 30, 1899.	Year end- ing June 30, 1900.	Year ending June 30, 1901.	Year ending June 30, 1902.	Year ending June 30, 1903.	July 1st to Dec 31st, 1903.	Totals.
Chicago, Milwaukee & St. Paul Ry. ....	\$63,991 36	\$17,004 12	\$46,414 00	\$50,543 92	\$58,075 33	\$59,013 37	\$58,455 81	\$73,555 42	\$39,081 46	\$469,134 83
Chicago & Northwestern...	4,423 34	11,082 08	3,192 11	10,991 12	16,036 70	30,135 43	20,465 45	.....	4,725 75	101,101 98
Chicago, St. Paul, Minnea- polis & Omaha .....	22,140 62	10,519 30	32,529 77	37,141 34	46,238 46	35,964 42	34,725 51	38,737 58	27,092 00	285,019 00
Minneapolis, St. Paul & Sault Ste. Marie .....	.....	4,092 46	12,068 48	14,693 14	10,883 13	16,933 33	15,553 52	26,085 78	14,253 65	114,382 49
Wisconsin Central .....	.....	.....	.....	.....	16,100 33	26,526 72	10,936 97	45,394 86	1,174 81	100,133 69
Green Bay & Western .....	.....	.....	.....	.....	.....	.....	.....	.....	1,084 07	1,084 07
Totals .....	\$93,555 32	\$42,697 96	\$94,294 45	\$113,368 52	\$147,183 95	\$166,593 27	\$140,137 26	\$133,773 64	\$87,321 74	\$1,070,856 11

*Investigation Relating to Back Taxes.*

## EARNINGS FROM RENTALS OF TRACKS AND TERMINALS NOT REPORTED.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Chicago, Milwaukee & St. Paul	\$240,956 44	\$33,297 90	\$54,110 71	\$81,755 92	\$79,003 84	\$79,681 57	\$79,297 48	\$79,366 63	\$307,440 49
Chicago & Northwestern.....	.....	.....	.....	9,056 71	8,307 35	9,616 28	9,304 00	.....	36,284 34
Chicago, St. Paul, Minneapolis & Omaha .....	18,924 73	6,673 98	6,993 98	10,298 55	10,068 41	3,000 00	3,000 00	3,000 00	61,959 65
Totals .....	\$250,881 17	\$39,941 88	\$61,104 69	\$101,111 18	97,379 60	92,297 85	91,601 48	82,366 63	905,684 48

## SUMMARY—SWITCHING CHARGES NOT REPORTED.

	Before 1897.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Chicago, Milwaukee & St. Paul	\$281,058 37	\$144,414 15	\$141,401 83	\$184,603 11	\$159,933 05	\$163,334 43	\$164,918 31	\$181,544 49	\$1,421,207 74
Chicago & Northwestern.....	.....	84,855 66	84,855 66	115,970 21	115,965 48	92,404 29	92,883 43	113,562 01	701,486 74
Chicago, St. Paul, Minneapolis & Omaha .....	46,909 43	14,835 20	17,705 50	22,225 89	17,996 76	21,135 59	30,225 68	29,463 71	200,497 75
Minneapolis, St. Paul & Sault Ste. Marie .....	.....	2,780 00	3,976 00	4,432 00	4,775 00	5,996 00	5,050 00	3,770 00	30,779 00
Wisconsin Central .....	.....	.....	.....	9,114 85	15,192 00	18,190 00	20,960 00	1,616 50	65,103 35
Green Bay & Western.....	.....	3,140 50	5,526 00	8,253 82	6,053 86	6,105 79	6,611 82	10,777 88	46,469 07
Totals .....	\$327,967 80	\$250,025 51	\$253,464 99	\$344,569 88	\$319,915 55	\$307,166 09	\$321,679 24	\$340,724 59	\$2,465,543 65

*Investigation Relating to Back Taxes.*

## STORAGE, DEMURRAGE &amp; MISCELLANEOUS NOT REPORTED.

	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Chicago, Milwaukee & St. Paul.....		\$1,810 50	\$2,659 50	\$1,309 00	\$13,282 50	\$52,225 78	\$71,222 75	\$142,520 03
Chicago & North Western.....	\$179 00	1,116 50	629 05	387 65	3,244 32		939 04	6,495 56
Chicago, St. Paul, Minneapolis & Omaha...	1,359 50	2,082 00	1,560 00	2,154 50	2,305 00	3,742 50	3,065 00	16,288 50
Totals .....	\$1,538 50	\$5,009 00	\$4,848 55	\$3,851 15	\$18,831 82	\$55,968 28	\$75,255 79	\$166,304 09

## EXPENSE OF OPERATING HOTELS.

	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Minneapolis, St. Paul & Sault Ste. Marie .....							\$1,310 30				\$1,310 30



*Investigation Relating to Back Taxes.*

## EXPENSE OF OPERATING SLEEPING CARS.

	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	Totals.
Minneapolis, St. Paul & Sault Ste. Marie Ry.....	\$1,142 83	\$1,254 30	\$1,407 35	\$1,311 23	\$1,701 06	\$1,693 07	\$1,507 62	\$1,627 80	\$2,068 65		\$13,728 91



**EXPENSE OF SPECIAL INVESTIGATION OF RAILROAD  
COMPANIES' GROSS EARNINGS, UNDER  
CHAPTER 431, LAWS OF 1903.**

The salaries of the accountants were all fixed at the suggestion of Governor La Follette.

Mr. E. M. Fisher was paid \$2,500 per annum, with railroad fare; and hotel expenses, not to exceed \$2 per day. Mr. W. H. Cleary was paid \$2,000 per annum, with railroad fare; and hotel expenses, not to exceed \$2 per day. Mr. S. W. Gilman was paid \$2,500 per annum, was allowed Saturdays and railroad fare to and from the city of Madison, each week, and other expenses not to exceed \$2 per day. Mr. E. C. Mason was paid \$1,800 per annum, was allowed Saturdays and railroad fare to and from the city of Madison, each week, and other expenses not to exceed \$2 per day.

In the beginning of the investigation special stenographers were employed to prepare typewritten copies of the original work, but the expenses were found to be so great that a permanent stenographer and temporary clerks were employed for that purpose.

**E. M. FISHER:**

Salary and expenses for fiscal year, 1904 .....	\$1,945 54	
Salary and expenses for fiscal year, 1905 .....	1,722 43	
Services and expenses in giving expert testimony, 1905 .....	184 49	
		<b>\$3,852 46</b>

**W. H. CLEARY:**

Salary and expenses for fiscal year, 1904 .....	1,752 91	
Salary and expenses for fiscal year, 1905 .....	2,798 58	
Salary and expenses for fiscal year, 1906 .....	2,941 34	
Salary and expenses from June 30, 1906, to November 30, 1906 .....	1,284 37	
		<b>7,154 74</b>

**S. W. GILMAN:**

Salary and expenses for fiscal year, 1904 .....	1,415 86	
Salary and expenses for fiscal year, 1905 .....	3,534 05	
Salary and expenses for fiscal year, 1906 .....	970 46	
		<b>5,920 37</b>

**E. C. MASON:**

Salary and expenses for fiscal year, 1904 .....	1,215 18	
Salary and expenses for fiscal year, 1905 .....	2,703 96	
Salary and expenses for fiscal year, 1906 .....	2,666 59	
Salary and expenses from June 30, 1906, to December 31, 1906 .....	1,066 80	
		<b>7,612 03</b>

**M. HARRIET WADSWORTH:**

Salary as clerk and stenographer for fiscal year, 1904 .....	192 42	
Salary as clerk and stenographer for fiscal year, 1905 .....	302 00	
Salary as clerk and stenographer for fiscal year, 1906 .....	1,004 00	
Salary from June 30, 1906, to December 31, 1906 .....	504 00	

**2,502 42****CLARA SILBERNAGEL:**

Salary as clerk, for fiscal year, 1904 .....	72 96	
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**72 96****G. H. SNYDER:**

Salary as clerk, for fiscal year, 1904 .....	3 88	
Salary as clerk, for fiscal year, 1905 .....	54 00	

**57 88****L. M. COOK:**

Salary as clerk, for fiscal year, 1904 .....	6 00	
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**6 00****ALFRED EMERSON:**

Salary as clerk, for fiscal year, 1905 .....	522 50	
Salary as clerk, for fiscal year, 1906 .....	43 00	

**564 50****THOMAS PURTELL:**

Salary and expenses, as accountant, for the fiscal year, 1906 .....	795 05	
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**795 05****ALFRED HARRISON**

Transcript, 1906 .....	15 00	
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**J. W. THOMAS:**

Traveling and hotel expenses, during fiscal year, 1904.....	352 86	
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**352 86**

<b>Total expense .....</b>	<b>322,206 78</b>
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